

Revenue Sources

FY 1986 - 89



**Alaska
Department of Revenue**

January 1987

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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

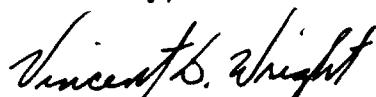
P.O. BOX S
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300

December 8, 1986

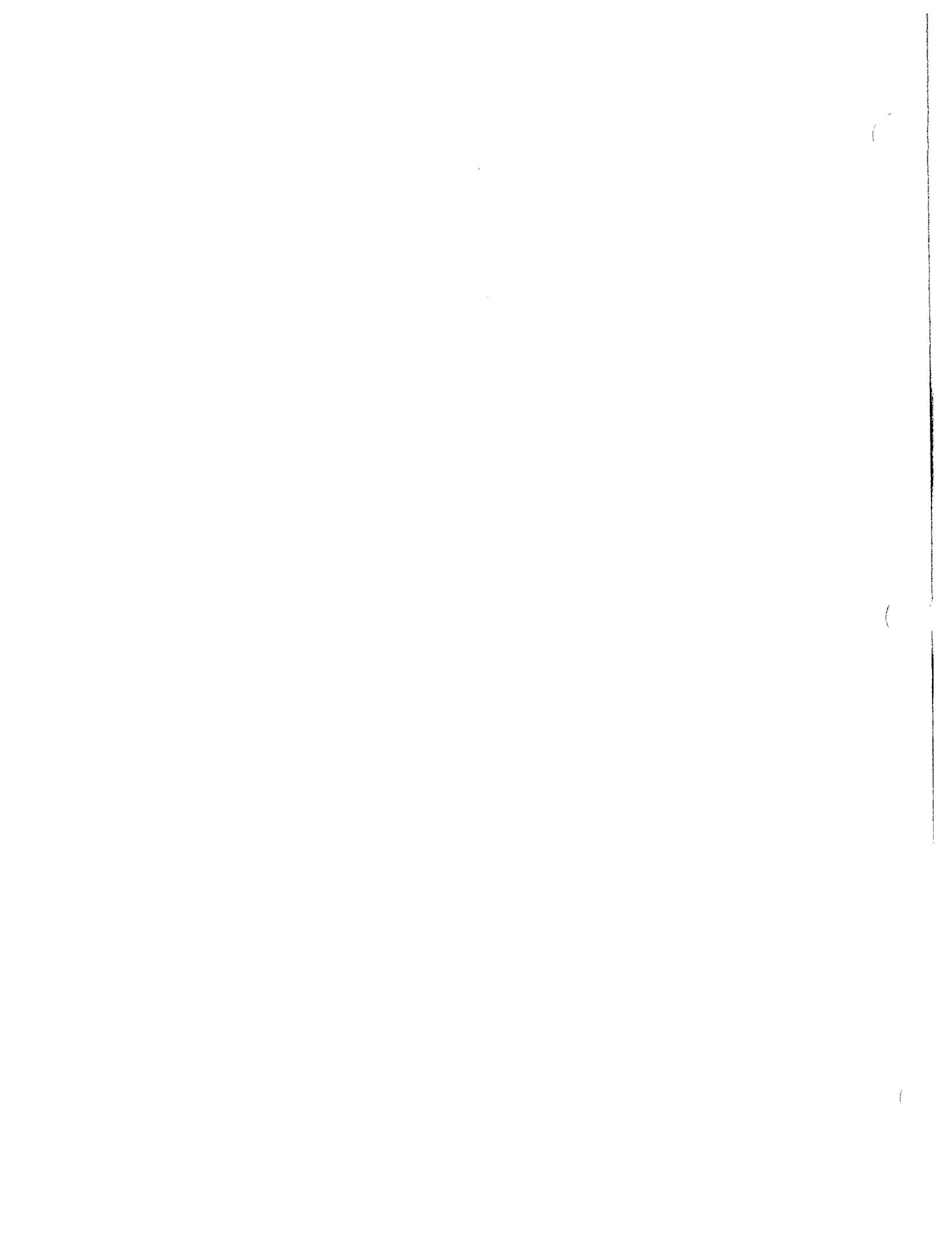
To the Reader of the Revenue Sources FY 86-89 (January 1987) and Petroleum Production Revenue Forecast (December 1986)

The revenue forecast presented in these publications has been prepared by economists and research staff of the Department of Revenue in accordance with the highest professional standards. It has been reviewed and adopted by myself as the Department's best judgment of revenues to be received by the State of Alaska over the prescribed forecast period. The Department of Revenue has historically been and remains solely and exclusively responsible for the preparation of these quarterly forecasts. The experience of recent years involving frequent and significant revisions in estimated revenues is due to the inherent difficulty of predicting the movements in the price of crude oil--a commodity whose volatility over the last decade cannot be exaggerated. This volatility combined with the State of Alaska's almost complete dependence on oil revenues, which in recent years account for almost 85 percent of total revenues, can sometimes lead to dramatic and unavoidable changes in the forecast.

Sincerely,



Vincent D. Wright
Chief of Research



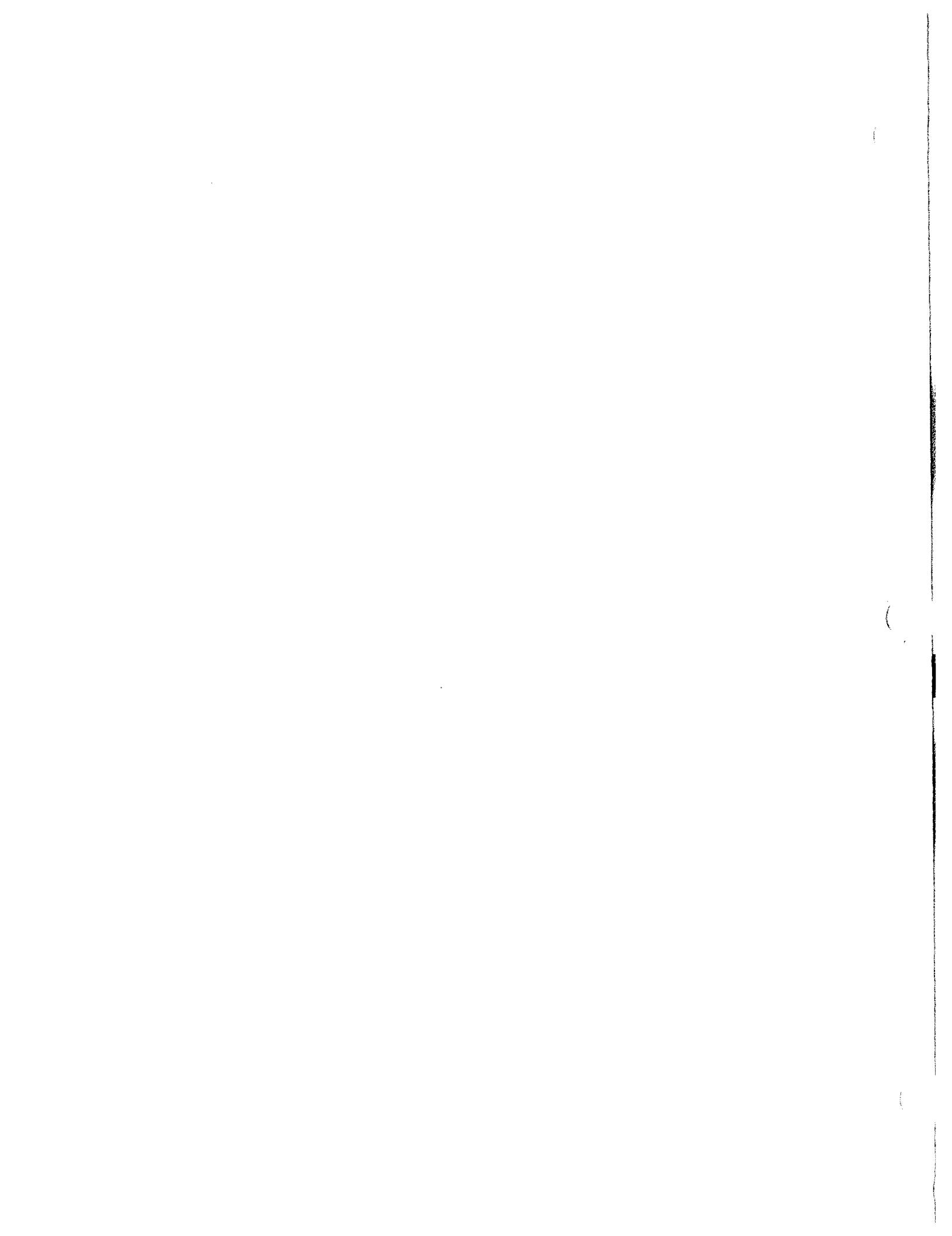
ALASKA'S REVENUE SOURCES

Compiled by Research Section

Department of Revenue

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Introduction

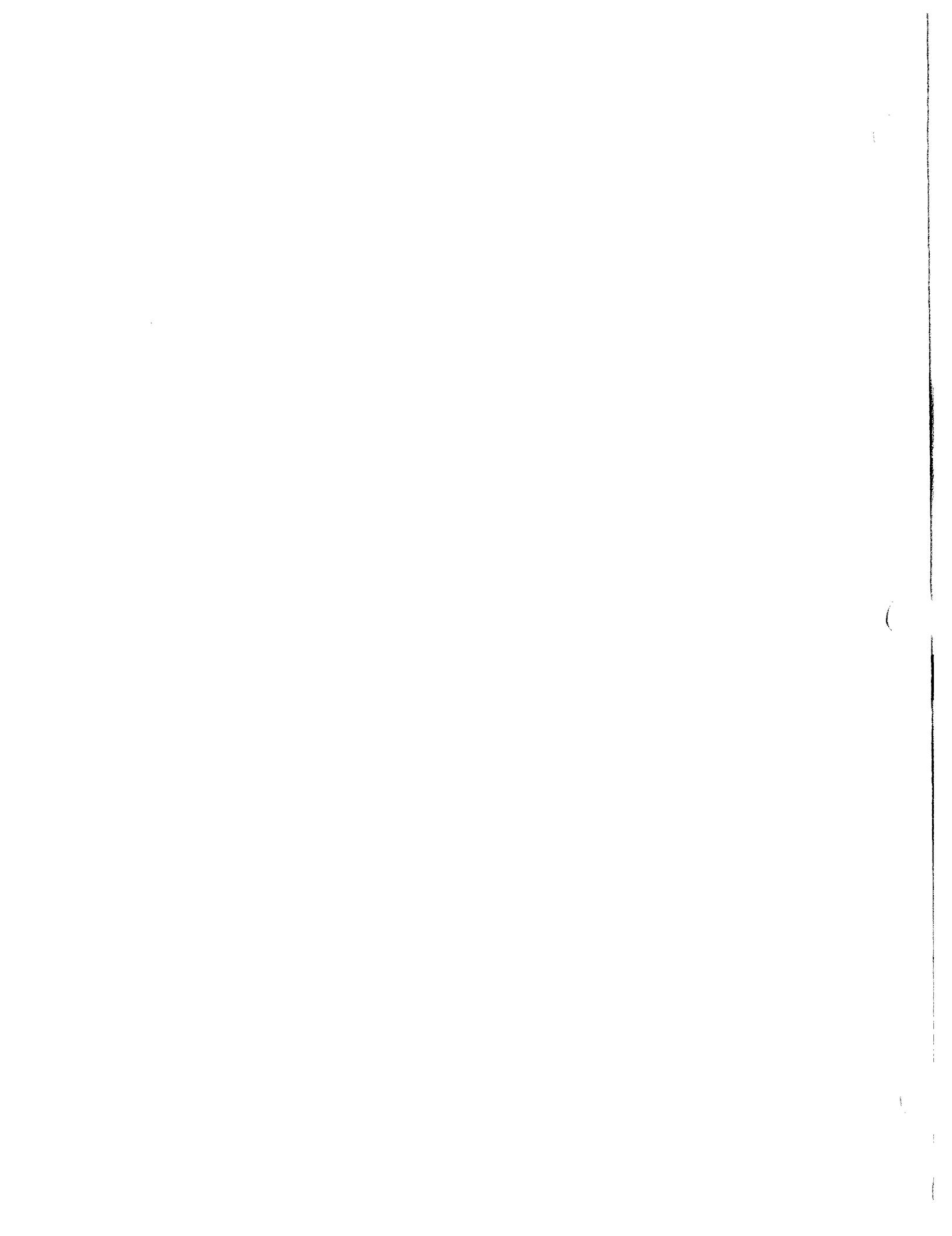
In accordance with Alaska Statute 37.07.060(b)(4) the Revenue Source Book is compiled annually to assist the Governor in formulating a proposed comprehensive financial plan for presentation to the State Legislature. Since fiscal year (FY) 1975, responsibility for compiling and publishing this summary of State Revenues has come under the Department of Revenue's jurisdiction. Within the publication are shown prior year actuals, revised current year estimates, and upcoming year projections.

The State receives three major classes of income: Unrestricted, Restricted, and Special Fund Revenues.

1. Unrestricted Revenues are paid into the General Fund and may be appropriated for any purpose. These receipts are listed in the Source Book by type; i.e., Taxes, License and Permits, etc.
2. Restricted Revenues are those received for specific purposes, primarily from the Federal Government. Only budget category totals are given.
3. Special Fund Revenues are those received into statutorily established funds such as the International Airports Revenue Fund.

Anticipated State income is projected through the use of a number of data sources: 1) An econometric model developed by the Department of Revenue's Research Section to forecast unrestricted non-petroleum revenues, 2) A petroleum revenue forecasting model created by the Department's Research Section, and 3) Estimates from individual State agencies.

The Department of Revenue thanks the various State agencies for their cooperation in computing anticipated revenues for publication in this document.



MEMORANDUM

State of Alaska

TO: The Honorable Steve Cowper
Governor of Alaska

DATE: December 3, 1986

FILE NO.:

THRU:

TELEPHONE NO.: 465-2173

SUBJECT: January Revenue Forecast

FROM: Vincent D. Wright *VdW*
Chief of Research
Department of Revenue

The January 1987 unrestricted revenue forecast is complete and the numbers for FY 87, FY 88 and FY 89 are \$1,334.2 million, \$1,325.0 million, and \$1,373.9 million respectively. The numbers mentioned above are based on the 30% or more conservative case when compared to the mean case.

The changes when compared to the September forecast represent a decrease of \$74.4 million for FY 87, but increases of \$51.4 million and \$111.4 million for FY 88 and FY 89.

For FY 87, when the expected \$65 million in TAPS legal expenses and refunds is added, the bottom line then becomes \$1,399.2 million.

The books have now been closed for FY 86 and the total unrestricted revenues for that year, not including special settlements, amount to \$2,682.7 million. This number for FY 86 must be adjusted for two items. The first deals with the fact that we have received in the General Fund \$149.8 million in legal expenses and refunds from the TAPS case. The second is the receipt on January 15, 1986 of \$243 million for the ARCO settlement. When the \$149.8 million and \$243 million are added to FY 86, the bottom line then becomes \$3,075.5 million.

The current situation relative to the oil picture is such that the underlying economic fundamentals of supply and demand do not support current price levels. The political element, OPEC control or lack of control, is primarily responsible for today's "relatively high priced oil". Since the political element supercedes the economic factor we must continue to expect a great deal of volatility in oil markets. This type of activity can whipsaw an economy such as ours.

The period we have to be most concerned about now is the spring of 1987. If large inventories persist, if normal seasonal factors prevail, and if it is perceived by oil traders that OPEC is having difficulty holding together its current agreement (due to expire at the end of December but expected to be renewed), then oil prices could plunge dramatically. We anticipate, in any case, a "normal drop" in oil prices this spring due to historical seasonal patterns but whether a total collapse occurs depends on OPEC's ability to hold together their current

The Honorable Steve Cowper
December 3, 1986
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agreement. In view of the internal dissension plaguing the OPEC membership, the outlook is not encouraging. I would like to further add the caveat that if there is a margin for error in this particular forecast we believe it is on the optimistic side i.e. the downside risks are much greater than any perceived upside potential.

I have attached eight letters written over the last two years to your predecessor on the subject of the State's oil outlook. These letters lay out in detail the unfolding of events in the world oil arena. You may find them interesting reading.

I have also attached for your perusal the details of this forecast along with the basic underlying assumptions, a short history of the State's revenue picture, and charts indicating the nominal versus real dollar outlook.

VDW:mkw

Attachments

Revenue Summary

In Thousands of Current Dollars

	FY 1986 Actual <u>January</u>	FY 1987 Estimate <u>January</u>	FY 1988 Estimate <u>January</u>	FY 1989 Estimate <u>January</u>
Total General Fund Unrestricted Revenues (p. 7)	<u>3,075,500</u>	<u>1,399,200</u>	<u>1,325,000</u>	<u>1,373,900</u>
Total General Fund Restricted Revenues (p. 12)	<u>323,700</u>	<u>405,200</u>	<u>406,700</u>	<u>408,600</u>
Total General Fund Revenues (p. 12)	<u>3,399,200</u>	<u>1,804,400</u>	<u>1,731,700</u>	<u>1,782,500</u>
Alaska Permanent Fund (p. 13)	<u>323,500</u>	<u>1,366,600</u>	<u>138,000</u>	<u>160,900</u>

**Key Assumptions for January 1987
Petroleum Revenue Projections
For FY 1987 - FY 1989**

Fiscal Year	(\$/bbl) Mean Wellhead Value	(\$/bbl) 30% Wellhead Value	Mean TAPS Throughput (MMbbs/day)	Mean Rate Inflation %
1987	\$5.51	\$4.74	1.81	3.89
1988	\$8.61	\$6.68	1.73	4.58
1989	\$10.59	\$8.03	1.66	4.58

**Sales Price for
Alaska North Slope Crude Oil at Los Angeles, California**

	<u>Weighted Average</u>	<u>30% Case</u>	
FY 87	\$11.18	\$10.41	per barrel
FY 88	\$13.57	\$11.64	per barrel
FY 89	\$14.89	\$12.33	per barrel

**Sales Price for
Alaska North Slope Crude Oil at Houston, Texas**

	<u>Weighted Average</u>	<u>30% Case</u>	
FY 87	\$12.59	\$11.82	per barrel
FY 88	\$14.97	\$13.04	per barrel
FY 89	\$16.39	\$13.83	per barrel

Weighted Average TAPS Tariff

FY 87	\$4.25	per barrel
FY 88	\$3.76	per barrel
FY 89	\$3.44	per barrel

General Fund Unrestricted Revenues

In Thousands of Current Dollars

<u>Taxes</u>	<u>FY 1986 Actual January</u>	<u>FY 1987 Estimate January</u>	<u>FY 1988 Estimate January</u>	<u>FY 1989 Estimate January</u>
<u>Income</u>				
Corporate-General	11,200	14,000	15,000	15,500
Corporate-Petroleum	133,900	111,000	110,000	110,000
<u>Gross Receipts</u>				
Alaska Business License	2,100	2,000	2,000	2,000
Fish-Canned Salmon (1)	3,500	2,500	2,300	2,300
Fish-Shorebased (1)	10,100	11,500	10,000	10,000
Fish-Floating	7,500	8,000	7,600	7,600
Seafood Marketing	1,100	1,200	1,200	1,200
Salmon Enhancement	4,300	4,000	4,000	4,000
Insurance Companies(2)	21,100	20,000 18,500	19,666 18,200	19,200 17,900
Electric & Telephone Co-ops	1,900	1,900 N/C	1,900	1,900
Mining License Tax	300	300	400	400
<u>Severance</u>				
Oil & Gas Production (3)	1,107,900	459,200	453,900	493,600
Oil & Gas Conservation	500	700	600	600
<u>Property</u>				
Oil & Gas	113,500	82,700	76,800	70,700
<u>Sale/Use</u>				
Alcoholic Beverages	13,300	12,800 N/C	12,300 N/C	12,000 N/C
Fuel Taxes-Aviation (4)	8,100	8,000 7,900	8,000 7,900	8,000 7,700
Fuel Taxes-Highway (4)	22,700	20,500 19,500	20,000 19,000	20,000 18,700
Fuel Taxes-Marine (4)	5,300	4,700 4,700	4,700 4,500	4,100 4,
Tobacco Products (5)	4,900	7,000 6,300	6,600 6,300	6,400
<u>Other</u>				
Estate	700	800	700	700
Total Taxes	<u>1,473,900</u>	<u>772,200</u>	<u>757,000</u>	<u>790,200</u>
School 3100				
<u>Licenses & Permits</u>				
Business	11,300	10,800	10,800	11,000
Non-Business (6)	18,000	21,000	21,000	21,000
Total Licenses & Permits	<u>29,300</u>	<u>31,800</u>	<u>31,800</u>	<u>32,000</u>
<u>Intergovernmental Receipts</u>				
Federal Shared Revenues (7)	<u>14,500</u>	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>
<u>State Resource Revenue</u>				
<u>Sale/Use</u>				
Bonus Sales (7) (8) (9) (10)	34,700	2,400	-0-	-0-
Investment Earnings (11)	195,200	160,000	60,000	10,000
Rents (7) (8) (9) (10)	6,200	6,500	6,500	6,500
Royalties (3) (7)	856,100	277,100	390,200	455,400
Sale of State Property	8,700	8,500	9,000	9,000
Gravel, Timber, etc. (12)	2,900	8,000	2,500	2,500
<u>Facilities Related Charges</u>				
Airports	1,500	1,600	1,600	1,600
Ferry System-Southeast	28,500	29,000	29,000	29,000
Ferry System-Southwest	3,800	3,800	3,800	3,800
Other	5,200	5,000	5,000	5,000

<u>Service Related Charges</u>	5,100	5,300	5,400	5,600
Court System				
Other	4,100	4,500	4,700	4,800
<u>Total State Resources</u>				
Revenues	1,152,000	511,700	517,700	533,200
Miscellaneous Revenues	13,000	10,000	10,000	10,000
<u>Unrestricted Revenues</u>	2,682,700	1,334,200	1,325,000	1,373,900
Plus: Special Settlements (13) (14)	392,800	65,000	-0-	-0-
<u>Total Unrestricted Revenues (15)</u>	3,075,500	1,399,200	1,325,000	1,373,900

(1) The FY 87, FY 88, and FY 89 figures reflect the recent enactment of a shorebased fisheries business tax credit per Ch. 79, SLA 1986. The Act took effect July 1, 1986.

(2) The FY 87, FY 88, and FY 89 figures reflect the enactment of Ch. 118, SLA 1986 which set the tax for domestic and foreign insurers, except hospital and medical service corporations, at 2.7 percent. Previously domestic and foreign insurers were taxed at 1.5 percent and 3.0 percent.

(3) The forecasted numbers for FY 87, FY 88, and FY 89 assume the 30 percent case; however, if the mean case had been utilized for FY 87, FY 88, and FY 89, the production taxes would change to \$504.6 million, \$581.3 million and \$649.5 million, respectively. The royalty figures would change to \$325.0 million and \$503.5 million, and \$600.2 million, respectively. All of the forecasted numbers include the estimated tariff adjustment from the TAPS settlement.

(4) Revenues from the three main categories of fuel tax are shown separately. However, under the provisions of AS 43.40.010(h), all refunds are made from the highway fuel tax account. If gross collections of highway fuel taxes remain constant, an increase in refunds for aviation and marine fuels could lower the net revenues shown for highway fuels. Also, increasing use is being made of tax credits, which can be taken in lieu of claiming a refund on certain non-taxable use of fuel (15 AAC 40.200). The FY 86 figure includes revenue for marine fuel tax collections on fuel purchased out-of-state but which is used in Alaska waters. A number of returns for taxes levied on in-state usage are currently in the appeal process and FY 87, FY 88, and FY 89 revenues will not be revised upward until that process is completed.

(5) Ch. 24, SLA 1985 raised the General Fund portion of the cigarette tax from a rate of 1-1/2 mills (\$.0015) to 5-1/2 mills (\$.0055) per cigarette. The Act took effect October 1, 1985.

(6) The FY 87, FY 88 and FY 89 figures reflect the enactment of Ch. 60, SLA 1986 which increased driver licensing fees and vehicle registration fees. The Act became effective September 1, 1986.

(7) Net Permanent Fund contribution by Ch. 18 SLA 1980.

(8) Reflects state lease sales of \$16.3 million held September 24, 1985 (Sale 45A-North Slope Onshore and Sale 47 - Kuparuk Uplands), \$3.0 million held February 25, 1986 (Sale 46 - Kuparuk Uplands and Sale 48A - Mikkelsen), and \$0.9 million held June 24, 1986 (Sale 49 - Cook Inlet). Due to the timing of collections, receipts from the June 1986 lease sale are shown as FY 87 revenue. The FY 87, FY 88, and FY 89 figures represent the General Fund's 49.5 percent share.

(9) The FY 86 figure reflects the OCS "8(g)" revenue-sharing settlement of \$51.4 million. The General Fund share represents 49.5 percent of the aforementioned total, whereas the Permanent Fund will receive 50.0 percent. The remaining 0.5 percent will be distributed to the Public School Fund. An additional \$4.0 million is reflected in FY 87.

(10) The Department of Natural Resources projects the following FY 87, FY 88, and FY 89 state lease sales: FY 87 (Sale 51 - Prudhoe Bay Uplands, Sale 50 - Camden Bay); FY 88 (Sale 54 - Kuparuk Upland, Sale 52A - Nekhelik, Sale 55 - Demarcation Point); and FY 89 (Sale 52 - Beaufort Sea, Sale 56 - Alaska Peninsula). However, bonus bids are impossible to anticipate prior to sales; therefore, no estimates are provided.

(11) The FY 88 estimate for investment earnings assumes that the balances of certain funds and accounts which are commingled with the General Fund for investment may not be drawn down to meet General Fund cash expenditure needs in FY 87. Should the budget reserve fund or the railbelt energy fund be appropriated for other purposes or should the attorney general opine that certain of the commingled funds and accounts may be drawn down for General Fund expenditures in FY 87, the FY 88 estimate for investment earnings would be significantly reduced. Estimates for investment earnings for FY 88 and FY 89 do assume that moneys from these accounts and funds will be appropriated and spent in those years.

(12) Estimates reflect increased construction of roads and drilling pads as projected by the Department of Natural Resources; however, some of these projects may be delayed or changed due to permit denials or environmental impact statement requests.

(13) The FY 86 figure includes the \$243 million the State received from the ARCO settlement on January 15, 1986.

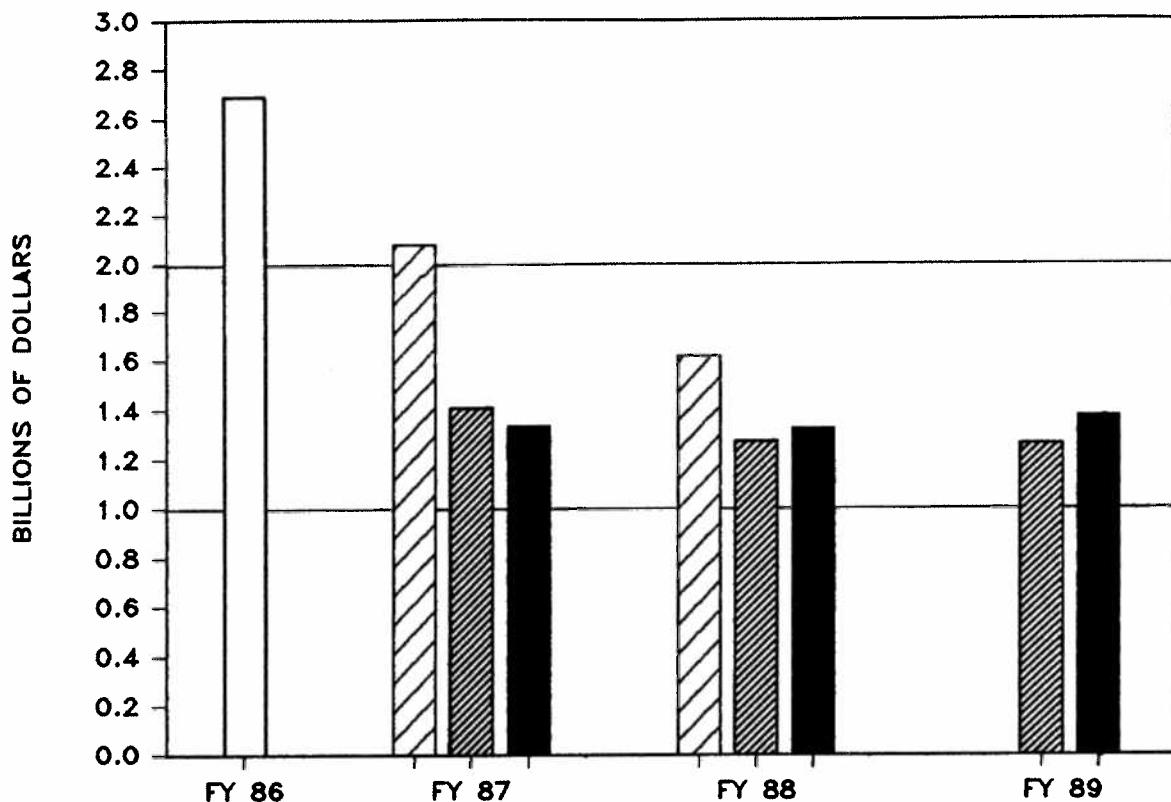
(14) The FY 86 and FY 87 figures reflect the estimated General Fund portion from refunds and expenses for prior years, relative to the TAPS case. The State received \$149.8 million during FY 86 but this figure is subject to audit. Approximately \$65.0 million is projected to be received during FY 87. This figure is also subject to future audits.

(15) The State, per AS 38.05.180, will be granting incentive credits against royalties, severance taxes, and rentals to the oil companies for drilling exploratory wells. The deduction is approximately \$0.7 million which has not been subtracted from the aforementioned FY 86 figure of \$3,075.5 million and approximately \$2.9 million which has not been subtracted from the aforementioned FY 87 figure of \$1,399.2 million. Additional credits are anticipated in subsequent years.

Unrestricted Revenues

Historical Comparison

■ FY 86 ACTUAL
▨ MARCH 1986 ESTIMATES
▨ SEPTEMBER 1986 ESTIMATES
■ JANUARY 1987 ESTIMATES



FY 86 Actual* 2.6827 billion

FY 87 Estimates*

March 1986	2.0776 billion
September 1986	1.4086 billion
January 1987	1.3342 billion

FY 88 Estimates

March 1986	1.6142 billion
September 1986	1.2736 billion
January 1987	1.3250 billion

FY 89 Estimates

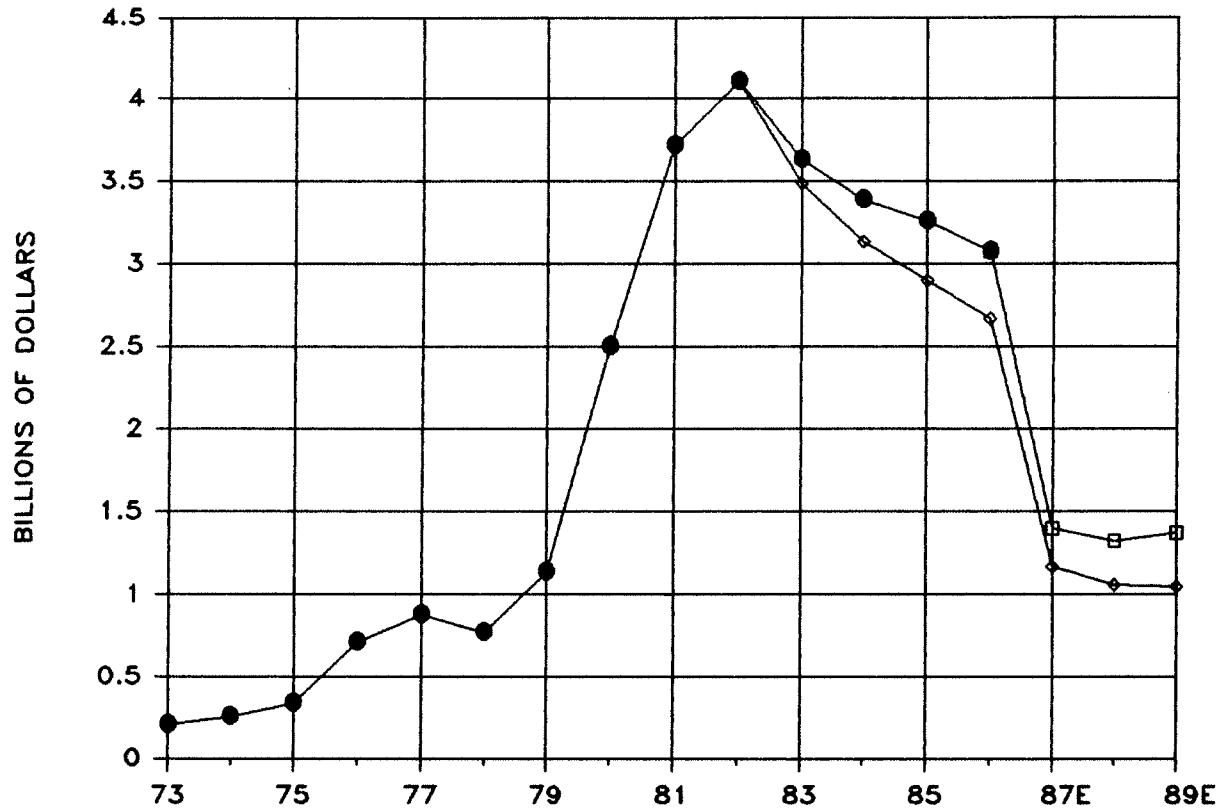
September 1986	1.2625 billion
January 1987	1.3739 billion

* IT SHOULD BE NOTED THAT ALL "SPECIAL SETTLEMENTS" HAVE BEEN EXCLUDED ABOVE IN FY 86 AND FY 87 IN ORDER TO BE CONSISTENT IN COMPARING PRIOR FORECASTS. THE FY 86 BOTTOM LINE WOULD INCLUDE AN ADDITIONAL \$243.0 MILLION (ARCO SETTLEMENT) AND \$149.8 MILLION (TAPS REFUNDS/LEGAL EXPENSES). FOR FY 87, THE ABOVE FIGURES WOULD INCLUDE AN ADDITIONAL \$65.0 MILLION (TAPS REFUNDS/LEGAL EXPENSES).

Unrestricted Revenues

(NOMINAL DOLLARS VS. REAL DOLLARS)

- ACTUALS(NOM\$)
- ESTIMATES(NOM\$)
- ◊ ACT/EST(REAL\$/1982)



Revenue Actuals
(Nominal \$)

FY 73	.2082 billion
FY 74	.2549 billion
FY 75	.3334 billion
FY 76	.7098 billion
FY 77	.8743 billion
FY 78	.7649 billion
FY 79	1.1330 billion
FY 80	2.5012 billion
FY 81	3.7182 billion
FY 82	4.1084 billion
FY 83	3.6310 billion
FY 84	3.3901 billion
FY 85	3.2600 billion
FY 86	3.0755 billion

Revenue Estimates
(Nominal \$)

FY 87	1.3992 billion
FY 88	1.3250 billion
FY 89	1.3739 billion

Revenue Actuals/Estimates
(Real \$/1982)

FY 82	4.1084 billion
FY 83	3.4826 billion
FY 84	3.1347 billion
FY 85	2.9002 billion
FY 86	2.6641 billion
FY 87	1.1666 billion
FY 88	1.0565 billion
FY 89	1.0475 billion

Revenue Breakdown

The total General Fund unrestricted revenues for Fiscal Year 1986 actuals were \$3,075.5 million with Fiscal Years 1987, 1988, and 1989 projected to be \$1,399.2 million, \$1,325.0 million, and \$1,373.9 million, respectively.

The following table depicts a breakdown of General Fund unrestricted revenues in terms of petroleum versus non-petroleum revenues based on the January estimates:

Petroleum vs. Non-Petroleum Revenues

(In Millions of Current Dollars)

Petroleum Revenues

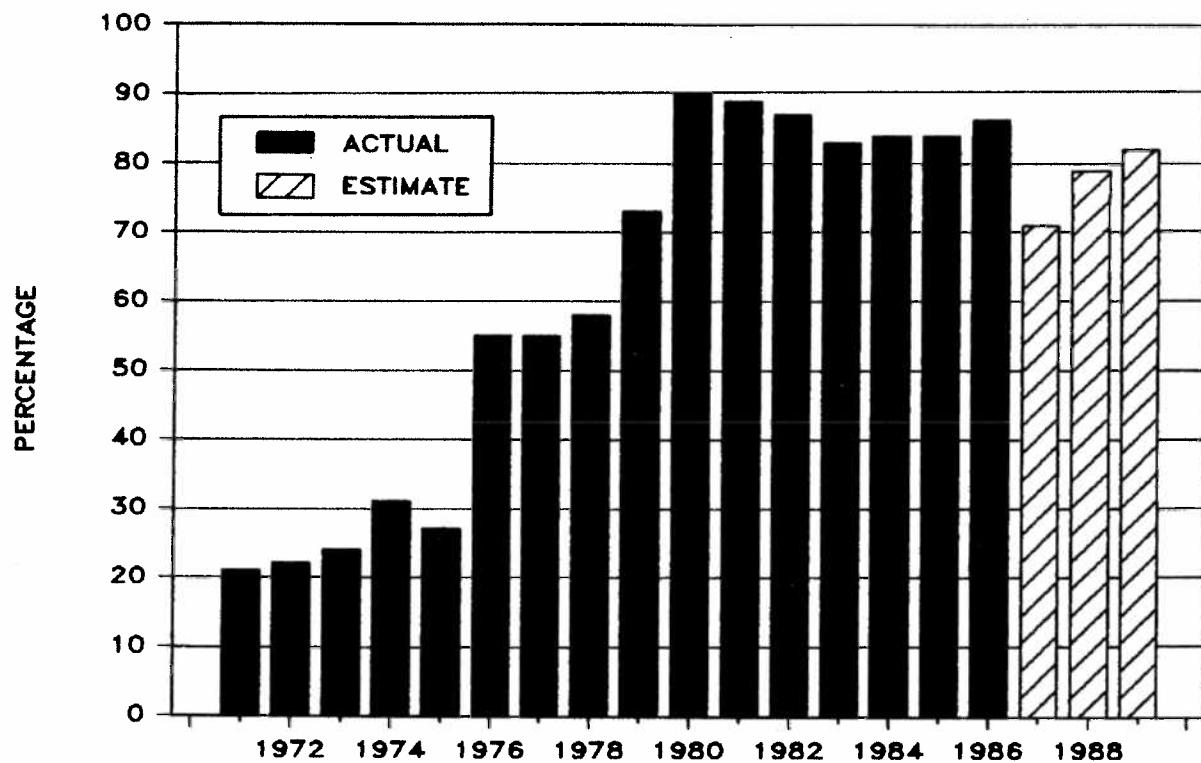
	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Corporate Petroleum	133.9	111.0	110.0	110.0
Severance Tax	1,108.4	459.9	454.5	494.2
Royalties	856.1	277.1	390.2	455.4
Property Tax	113.5	82.7	76.8	70.7
Bonus Sale	34.7	2.4	-0-	-0-
Rents	4.2	4.5	4.5	4.5
Intergovernmental Receipts	14.3	8.4	8.4	8.4
Special Settlements	<u>392.8</u>	<u>65.0</u>	<u>-0-</u>	<u>-0-</u>
	<u>2,657.9</u>	<u>1,011.0</u>	<u>1,044.4</u>	<u>1,143.2</u>

Non-Petroleum Revenues

	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Taxes	118.1	118.6	115.7	115.3
Licenses & Permits	29.3	31.8	31.8	32.0
Intergovernmental Receipts	.2	.1	.1	.1
State Resources Revenues	257.0	227.7	123.0	73.3
Miscellaneous Revenues	<u>13.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>
	<u>417.6</u>	<u>388.2</u>	<u>280.6</u>	<u>230.7</u>
Total	<u>3,075.5</u>	<u>1,399.2</u>	<u>1,325.0</u>	<u>1,373.9</u>

Petroleum Revenues

**Historical Comparison of General Fund
 Unrestricted Petroleum Revenues as Percentages
 of General Fund Unrestricted Revenues
 (in Millions of Current Dollars)**



Fiscal Year	Total General Fund Unrestricted Revenues	Total General Fund Unrestricted Petroleum Revenues	Percent
1971	220.4	47.0	21
1972	219.2	48.4	22
1973	208.2	50.3	24
1974	254.9	80.2	31
1975	333.4	90.4	27
1976	709.8	391.5	55
1977	874.3	477.6	55
1978	764.9	441.5	58
1979	1,133.0	821.6	73
1980	2,501.2	2,256.5	90
1981	3,718.2	3,304.3	89
1982	4,108.4	3,574.8	87
1983	3,631.0	3,026.6	83
1984	3,390.1	2,861.6	84
1985	3,260.0	2,743.5	84
1986	3,075.5	2,657.9	86
1987*	1,399.2	1,011.0	72
1988*	1,325.0	1,044.4	79
1989*	1,373.9	1,143.2	83

* Estimate

Restricted Revenues

In Thousands of Current Dollars

	FY 1986 Actual <u>January</u>	FY 1987 Estimate <u>January</u>	FY 1988 Estimate <u>January</u>	FY 1989 Estimate <u>January</u>
<u>Federal Grants-in-Aid</u>				
Education	42,000	46,800	47,800	47,800
Social Services	125,200	134,600	135,700	135,800
Health	3,200	3,800	3,800	3,800
Natural Resources	17,900	26,700	26,700	28,800
Pub. Prot./Admin. of Justice	7,700	9,200	9,000	9,200
Development/General Government	9,300	2,100	2,100	2,100
Transportation	<u>88,500</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Total Federal Grants-in-Aid	<u>293,800</u>	<u>373,200</u>	<u>375,100</u>	<u>377,500</u>
<u>Other Grants-in-Aid</u>				
Education	1,400	1,400	1,400	1,400
Health/Social Services	4,300	4,700	4,500	4,300
Natural Resources	1,400	2,800	2,800	2,700
Pub. Prot./Admin. of Justice	2,000	3,500	3,500	4,000
Development/General Government	3,600	6,100	6,000	5,300
Transportation	<u>800</u>	<u>900</u>	<u>900</u>	<u>900</u>
Total Other Grants-in-Aid	<u>13,500</u>	<u>19,400</u>	<u>19,100</u>	<u>18,600</u>
Miscellaneous Restricted Revenue-All Categories	<u>16,400</u>	<u>12,600</u>	<u>12,500</u>	<u>12,500</u>
Total Restricted Revenue 1/	<u>323,700</u>	<u>405,200</u>	<u>406,700</u>	<u>408,600</u>
Total Unrestricted Revenue	<u>3,075,500</u>	<u>1,399,200</u>	<u>1,325,000</u>	<u>1,373,900</u>
Total General Fund Revenue	<u>3,399,200</u>	<u>1,804,400</u>	<u>1,731,700</u>	<u>1,782,500</u>

1/ Restricted Revenue figures may not agree with those shown in the Governor's budget due to categorical differences between the budget and accounting system.

Special Funds

In Thousands of Current Dollars

	FY 1986 Actual <u>January</u>	FY 1987 Estimate <u>January</u>	FY 1988 Estimate <u>January</u>	FY 1989 Estimate <u>January</u>
<u>Enterprise Funds</u>				
Agriculture Loan Fund	1,700	1,100	1,100	1,100
Alternative Tech. and Energy Loan Fund	700	500	500	500
Bulk Fuel Loan Fund	-0-	100	100	100
Child Care Facility Loan Fund	100	-0-	-0-	-0-
Commercial Fish Loan Fund	6,400	5,100	5,100	5,100
Fisheries Enhancement Loan Fund	-0-	100	100	100
Fisheries Product Loan Fund	-0-	-0-	-0-	-0-
Historical District Loan Fund	-0-	-0-	-0-	-0-
Housing Assistance Loan Fund	28,400	13,900	14,400	15,000
International Airport Revenue Fund	44,700	51,900	54,300	57,100
Medical Malpractice Loan Fund	100	100	100	100
Mining Loan Fund	1,200	400	400	400
Power Development Loan Fund	4,900	6,000	6,000	6,000
Power Project Loan Fund	-0-	2,300	2,500	2,500
Residential Energy Cons. Loan Fund	300	200	200	200
Rural Electrification Loan Fund	100	100	100	100
Scholarship Loan Fund	2,800	3,100	3,900	4,600
Small Business Loan Fund	2,400	100	100	100
Tourism Loan Fund	400	100	100	100
World War II Veterans Loan Fund	<u>1,000</u>	<u>500</u>	<u>500</u>	<u>500</u>
Total Enterprise Funds	<u>95,200</u>	<u>85,600</u>	<u>89,500</u>	<u>93,600</u>
<u>Special Revenue Funds</u>				
Alaska Permanent Fund (1) (2) (3) (4)	323,500	1,366,600	138,000	160,900
Public School Fund (1)(2) (3)	14,600	10,300	10,800	11,300
Revenue Sharing Fund	-0-	-0-	-0-	-0-
NPR-A Special Revenue Fund (1)	16,700	9,000	1,000	1,000
Fish and Game Fund	7,400	7,900	8,100	8,300
Disaster Relief Fund	1,800	-0-	-0-	-0-
Marine Coastal Damage Fund	-0-	-0-	-0-	-0-
School Fund	2,800	3,200 ³¹⁰⁰	3,000	2,900
Training & Building Fund	900	600	600	500
Total Special Revenue Funds	<u>367,700</u>	<u>1,397,600</u>	<u>161,500</u>	<u>184,900</u>
Total Special Funds	<u>462,900</u>	<u>1,483,200</u>	<u>251,000</u>	<u>278,500</u>

- (1) FY 86 and FY 87 figures reflect reallocation of funds from the Permanent Fund (\$24.3 million) and the Public School Fund (\$0.2 million) to the NPRA Fund per Ch. 53, SLA 1986.
- (2) Not included in the FY 87 figures are additional estimated amounts from refunds and expenses for prior years, relative to the TAPS case, due the Alaska Permanent Fund (approximately \$11.3 million) and the Public School Fund (approximately \$0.2 million respectively).
- (3) The FY 86 and FY 87 figures reflect the OCS "8(g)" revenue sharing settlement payments to the Permanent Fund (\$25.7 million and \$2.0 million respectively) and the Public School Fund (\$0.3 million and \$0.02 million respectively).
- (4) The FY 87 figure reflects Ch. 25, SLA 1986 which appropriated approximately \$1,264.4 million from the Undistributed Income Account to the Permanent Fund principal, effective July 1, 1986.

Alaska Permanent Fund

In Thousands of Current Dollars

Permanent Fund Principal

<u>FY</u>	<u>Mineral Revenues</u>	<u>Appropriations</u>	<u>Inflation Proofing</u>	<u>Total Contributions(1)</u>	<u>Balance (1)</u>
1977	4,000	-0-	-0-	4,000	4,000
1978	50,500	-0-	-0-	50,500	54,500
1979	83,900	-0-	-0-	83,900	138,400
1980	344,800 (2)	-0-	-0-	344,800	483,200
1981	385,100	900,000	-0-	1,285,300	1,768,500
1982	400,500	800,000	-0-	1,200,500	2,969,000
1983	421,000	400,000	231,200	1,052,200	4,021,200
1984	366,200	300,000	150,900	817,100	4,838,300
1985	368,000	300,000	234,600	902,600	5,740,900
1986	323,500 (3)	-0-	216,400	539,900	6,280,800
1987	18,100 (4)	1,264,400 (5)	-0-	1,282,500 (4)	7,563,300 (4)

Earnings Distribution

<u>FY</u>	<u>General Fund</u>	<u>Dividend Account</u>	<u>Inflation Proofing</u>	<u>Undistributed Income Account</u>	<u>Total Earnings</u>
1977	-0-	-0-	-0-	-0-	-0-
1978	1,300	-0-	-0-	-0-	1,300
1979	6,500	-0-	-0-	-0-	6,500
1980	11,800	11,800	-0-	-0-	23,700
1981	27,500	27,500	-0-	31,200	86,200
1982	71,100	71,100	-0-	174,700	317,000
1983	109,500 (6)	107,900	231,200	22,500	471,100
1984	-0-	175,000	150,900	203,600	529,500
1985	-0-	217,300	234,600	205,900	657,800
1986	-0-	303,400 (7)	216,400	501,100	1,020,900

(1) Includes transfer of net investment gains/losses to principal and citizen contributions.

(2) Includes \$114.5 million as 25 percent of bonuses and rentals for the undisputed state portion of the Beaufort Sea Lease Sale. Litigation over the legality of that sale is still pending.

(3) Reflects reallocation of funds (\$24.3 million) from the Permanent Fund to the NPRA Fund, per Ch. 53, SLA 1986.

(4) Represents cumulative balance as of September 30, 1986.

(5) Reflects Ch. 25, SLA 1986 which appropriated \$1,264.4 million from the Undistributed Income Account (Earnings Reserve Account) to the Permanent Fund Principal, effective July 1, 1986.

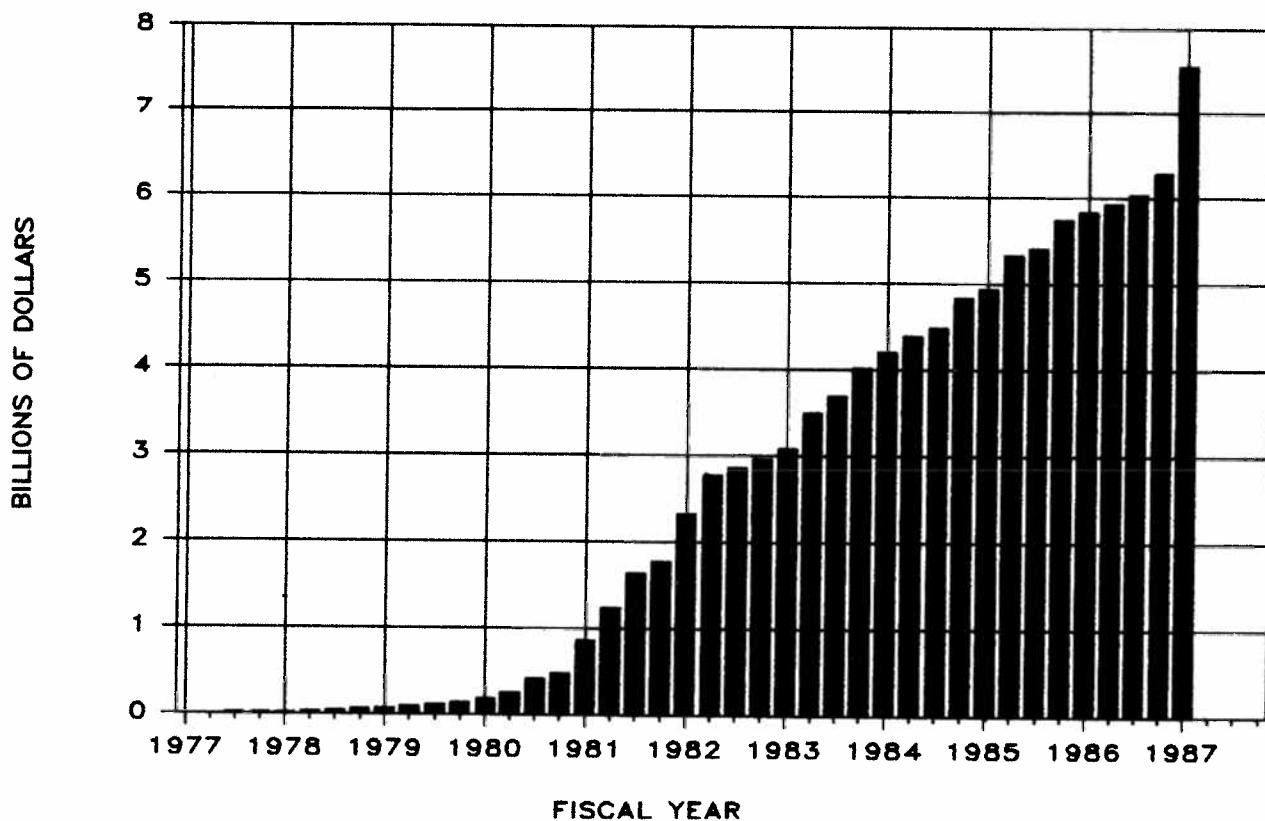
(6) Ch. 81, SLA 1982 provided transitional procedures whereby an amount equal to the distributable income for 1983 would be transferred from the Undistributed Income Account to the General Fund. This would then be the final General Fund contribution which is not destined for the dividend program.

(7) Ch. 129, SLA 1986 appropriated \$303,424,842 from net income to the Dividend Account for payment of 1986 Permanent Fund dividends (\$295,885,142 for 1986 dividend payments, \$3,328,000 for FY 87 administrative costs, and \$4,211,700 for hold harmless costs).

NOTE: Long range projections on the Permanent Fund are provided in Table 3, pages 41-44.

Alaska Permanent Fund

Historical Comparison of Cumulative Balance



Alaska Permanent Fund

The Alaska Permanent Fund was established by a constitutional amendment effective February 21, 1977. The amendment stated that contributions to the fund must consist of at least 25 percent of mineral lease rentals, royalties, royalty sale proceeds, Federal mineral revenue sharing payments and bonuses received by the State. Enacted legislation (Ch. 18 SLA 1980) has modified this contribution rate to the Permanent Fund from 25 percent to 50 percent. As a result, any future revenues transferable from Beaufort Sea production and any future lease sale bonuses will be subject to the 50 percent rate. During FY 1981, a special appropriation (Ch. 35 SLA 1980) appropriated \$900 million from the General Fund to the Permanent Fund. Similarly, an additional \$1.8 billion was appropriated (Ch. 61 SLA 1981) for FY 1982 with payments beginning July 1, 1981; however, this appropriation was legislatively amended (Ch. 101 SLA 1982) thus permitting deposit of only \$800 million in FY 82 and an additional deposit of \$400 million in FY 83. An additional \$100 million of this appropriation was deposited in the Permanent Fund during August, 1983, as well as, another \$100 million each during December, 1983, April, 1984, October, 1984 and a final \$200 million in December, 1984 thus fully satisfying the \$1.8 billion appropriation in 1981. Recently Ch. 25, SLA 1986 appropriated \$1,264.4 million from the undistributed income account to the principal of the Permanent Fund, effective July 1, 1986.

Revenue Sources

Income Taxes

CORPORATE

The tax is imposed on the entire taxable income of every corporation derived from sources within Alaska, and apportioned under graduated rates and varying conditions as specified in AS 43.20.

Due Date

September 30 of each year,
including prepayments of
estimated tax in four quarterly
installments

Allocation

General Fund/
shared with political sub-
divisions

(Administered by the Department of Revenue.)

Gross Receipts Taxes

BUSINESS LICENSE

License fee for each business is \$25.00. (AS 43.70)

Due Date

Before the 15th day of the third
month following the end of the
tax year

Allocation

General Fund

(Administered by the Department of Revenue.)

COMMERCIAL FISH

Includes tax receipts for raw fish, shore-based and floating fisheries businesses. (AS 43.75)

-Raw fish tax for canned salmon is 4.5% of value

-Shore-based fisheries businesses are taxed at the rate of 3% of value, except a 1% tax is levied when developing commercial fish species are processed.

-Floating fisheries businesses are taxed at 5% of value, except a 3% tax is levied when developing commercial fish species are processed.

Due Date

Various dates

Allocation

General Fund/Shared with political subdivisions

(Administered by the Department of Revenue.)

SALMON ENHANCEMENT

Limited entry permit holders within qualified regional aquaculture associations are levied a tax rate of either 2% or 3% of value of salmon. (AS 43.76)

Due Date

By last day of month for prior month

Allocation

General Fund

(Administered by the Department of Revenue.)

SEAFOOD MARKETING

An assessment is levied upon eligible seafood processors at a rate of 0.2% of value of seafood products purchased in Alaska. (AS 16.51)

Due Date

April 1 for the prior calendar year.

Allocation

General Fund

(Administered by the Department of Revenue.)

INSURANCE PREMIUM

The following rates are on gross premiums less certain deductibles as permitted by AS 21.09.210 and 21.66.110.

Admitted Companies	2.7%
Life	
P & C	
Net Hospital Service	6.0%
Title Companies	1.0%
Surplus Lines (Non-admitted)	3.0%
Self Procurred	3.0%

Due Date

April 1 for preceding year

Allocation

General Fund

(Administered by the Department of Commerce and Economic Development.)

Severance Taxes

OIL PRODUCTION

Tax is levied upon the producer of oil from each lease or property less any part exempt from taxation. It is based on either the percentage-of-value amount or the cents-per-barrel amount, whichever is greater, multiplied by an economic limit factor. (AS 43.55)

1. The percentage-of-value amount remains 12.25% of the value of production for a property coming into commercial production after June 30, 1981, for its first five years of production. Thereafter and for all other existing oil production, including Prudhoe Bay, the percentage-of-value amount is 15% of the value of production.
2. Cents-per-barrel amount equals \$0.80 per barrel of crude oil.

Due Date

Monthly - 20th day of month
for prior month

Allocation

General Fund

GAS PRODUCTION

The tax is levied on all gas produced from each lease or property, less any part exempt from taxation. The base tax rate for gas is \$.064 per thousand cubic feet of taxable gas or 10% of the gross value of taxable production calculated at the point of production, whichever is greater, multiplied by an economic limit factor. (AS 43.55)

Due Date

Monthly - 20th day of month
for prior month

Allocation

General Fund

(Administered by the Department of Revenue.)

Property Taxes

OIL AND GAS

The oil and gas property tax is levied at 20 mills on the full and true value of taxable property used in oil and gas exploration and production. (AS 43.56)

Due Date

June 30

Allocation

General Fund

(Administered by the Department of Revenue.)

Sales/Use Taxes

FUEL

Tax is levied on aviation fuel, highway fuel, and marine fuel at the following rates. (AS 43.40)

- Aviation fuel: 4¢ per gallon on aviation gas and 2 1/2¢ per gallon on aviation jet fuel.
- Highway fuel: Gasoline and diesel fuel is taxed at the rate of 8¢ per gallon. "Off-highway" users may claim a refund of 6¢ per gallon on motor fuel within one year of purchase if the 8¢ tax was paid.
- Marine fuel: Rate is 5¢ per gallon for fuel used in engines for the propulsion of boats and watercraft.

Due Date

By last day of month for prior month

Allocation

General Fund

(Administered by the Department of Revenue.)

ALCOHOLIC BEVERAGE

Tax rates are based on alcoholic content: Malt beverages (1% or more alcohol) \$0.35 per gallon; wine (21% or less alcohol) \$0.85 per gallon; hard liquor (more than 21% alcohol) \$5.60 per gallon. (AS 43.60)

Due Date

By last day of month for prior month

Allocation

General Fund

(Administered by the Department of Revenue.)

CIGARETTE

A tax of 8 mills is levied on each cigarette imported or acquired in the state. Additional license fees follow. (AS 43.50)

Manufacturers	\$5
Vending Machine Operator	\$25
Direct-Buying Retailer	\$25
Buyer	\$25
Distributor	\$50

Due Date

By last day of month for prior month

Allocation

5 1/2 mills of total tax collected goes to General Fund; 2 1/2 mills of tax collected and license fees go to School Fund.

(Administered by the Department of Revenue.)

Licenses and Permits

BUSINESS

Includes receipts from alcoholic beverage licenses, commercial fishing licenses, professional and occupational licenses, and various regulatory permits. (Various statutes)

Due Date

Various

Allocation

General Fund/Revenues from alcoholic beverage licenses shared with political subdivisions.

(Administered by several departments.)

NON-BUSINESS

Includes receipts from motor vehicle instruction permits, title transfers, registration fees, and driver licenses. (Various statutes)

Due Date

Various

Allocation

General Fund/Special Fund

(Motor vehicle licenses administered by the Department of Public Safety)

Intergovernmental Receipts

FEDERAL SHARED REVENUE

Includes receipts from the federal government on timber sales and mineral rents and royalties. The state's share is a percentage of the proceeds derived from these federal lands. (AS 41.15 and Pub. L. 85-505, § 3)

Due Date

Federal cut-off dates are March 30 and September 30. Share received 4-6 weeks after cut-off date.

Allocation

General Fund
25% to Permanent Fund
50% to Permanent Fund (Royalties and Bonuses received on leases issued after December 1, 1979 and February 15, 1980 per Ch 18 SLA 1980)

(Administered by the Department of Natural Resources.)

State Resources Revenue

INVESTMENT EARNINGS

Includes interest at varying rates from the state's investment portfolio, and interest on bank deposits. (AS 37.10)

Due Date

Various dates

Allocation

General Fund

(Administered by the Department of Revenue.)

ROYALTIES

Includes royalties from hard minerals, oil and gas. (AS 38.05)

Due Date

Monthly

Allocation

General Fund
25% to Permanent Fund
50% to Permanent Fund (Royalties received on leases issued after December 1, 1979 and February 15, 1980, per Ch 18 SLA 1980)

(Administered by the Department of Natural Resources.)

FACILITIES RELATED CHARGES

These include receipts from airports, the ferry system, food services, hospital fees, and other state facilities charges. (Various statutes)

<u>Due Date</u>	<u>Allocation</u>
Various dates	General Fund

(Administered by several departments.)

SERVICE RELATED CHARGES

Includes receipts from statutory inspection fees, the court system, and other state service charges. (Various statutes)

<u>Due Date</u>	<u>Allocation</u>
Various dates	General Fund

(Administered by several departments.)

- FORECAST PERFORMANCE RECORD -
GENERAL FUND UNRESTRICTED REVENUES

ALASKA DEPARTMENT OF REVENUE

JANUARY 1987

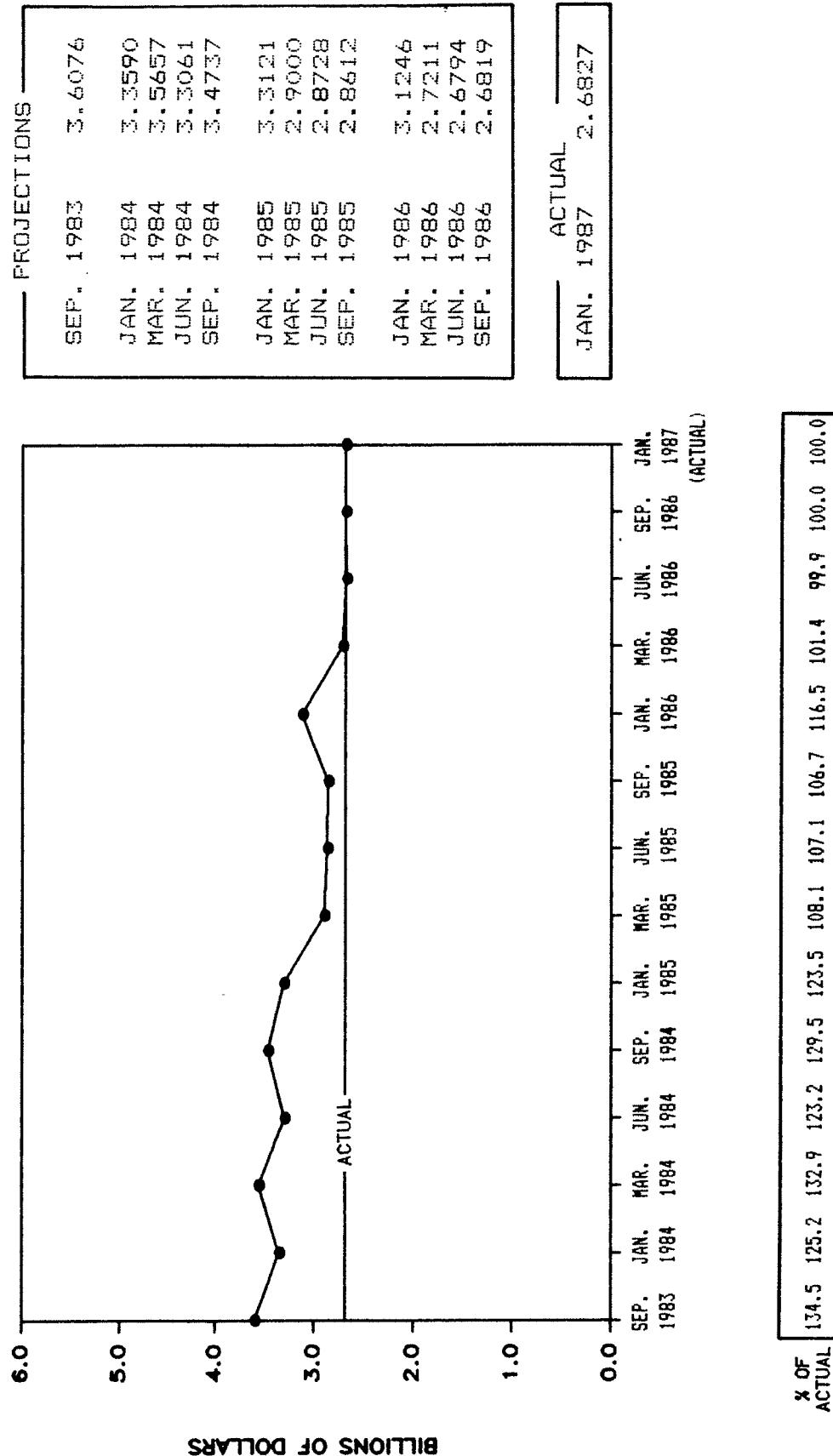
EXPLANATORY NOTES

THE DIVERGENCE BETWEEN ESTIMATED PROJECTIONS AND ACTUALS CAN SOMETIMES BE DUE TO CERTAIN EVENTS WHICH ARE BEYOND THE SCOPE OF A FORECASTER. THE FOLLOWING ITEMS ILLUSTRATE SOME OF THE MAJOR EVENTS WHICH SUBSEQUENTLY IMPACTED STATE REVENUES AT THE TIME THEY WERE INCORPORATED INTO THE FORECAST, BUT WHICH COULD NOT BE ANTICIPATED IN PRIOR FORECASTS.

- (1) SEPTEMBER 1978 ESTIMATES FIRST REFLECT THE INTRODUCTION OF THE CORPORATE-PETROLEUM INCOME TAX.
- (2) JULY 1979 ESTIMATES FIRST REFLECT THE FOLLOWING EVENTS:
 - (A) TAPS PIPELINE FLOW INCREASED DUE TO ADDING PUMPS AND DRAG REDUCING CHEMICALS.
 - (B) OPEC INCREASED CRUDE OIL PRICES DUE TO IRANIAN REVOLUTION.
 - (C) STATE OF ALASKA OFFICIALS NEGOTIATED SALE OF PRUDHOE BAY SADLEROCHEIT ROYALTY VOLUME.
- (3) JANUARY 1980 ESTIMATES FIRST REFLECT BONUS SALE (\$342.2M) FROM BEAUFORT SEA LEASE SALE.
- (4) JANUARY 1980 ESTIMATES FIRST REFLECT GRADUAL DECONTROL OF OIL PRICES.
- (5) SEPTEMBER 1981 ESTIMATES FIRST REFLECT LAW CHANGE (CH. 116 SLA 1981) FOR CORPORATE-PETROLEUM INCOME TAX.
- (6) MARCH 1982 ESTIMATES FIRST REFLECT THE "30% CASE". ALL PRIOR FORECASTS HAD ADOPTED THE "MEAN CASE".
- (7) JANUARY 1986 ESTIMATES FIRST REFLECT SETTLEMENT OF THE TAPS CASE.

(If a one year revenue forecast is within plus or minus 10% of actual receipts, then from a statistical point of view that projection is said to be accurate. The Department of Revenue has been very fortunate, compared to international agencies engaged in the same forecasting business, in terms of its accuracy record during the last few years.)

HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1986 -

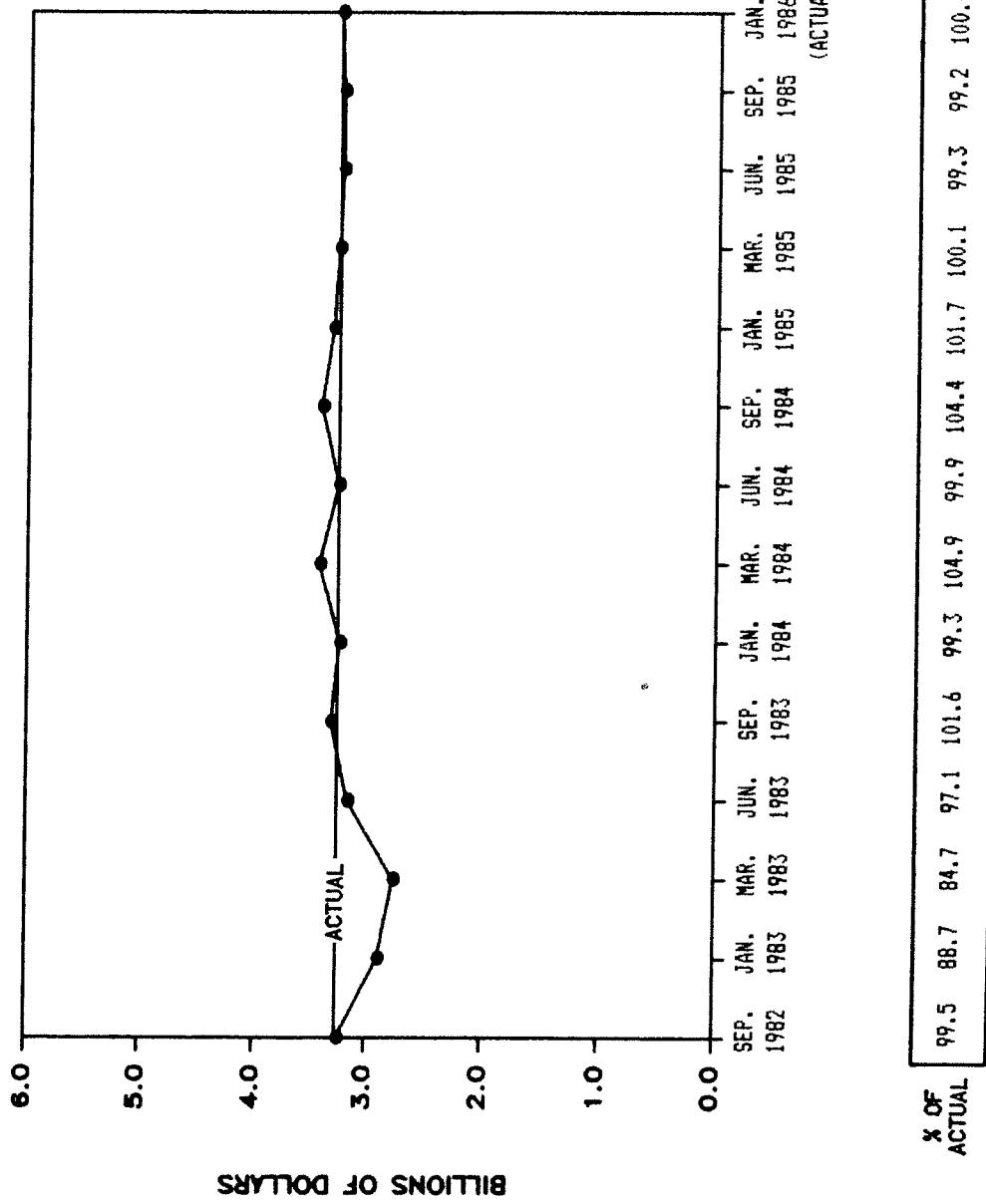


* IT SHOULD BE NOTED THAT ALL "SPECIAL SETTLEMENTS" HAVE BEEN EXCLUDED ABOVE IN ORDER TO BE CONSISTENT IN COMPARING PRIOR FORECASTS.
THE FY 86 BOTTOM LINE WOULD INCLUDE AN ADDITIONAL \$243.0 MILLION (ARCO SETTLEMENT) AND \$149.8 MILLION (TAPS REFUNDS/LEGAL EXPENSES).

X OF
ACTUAL

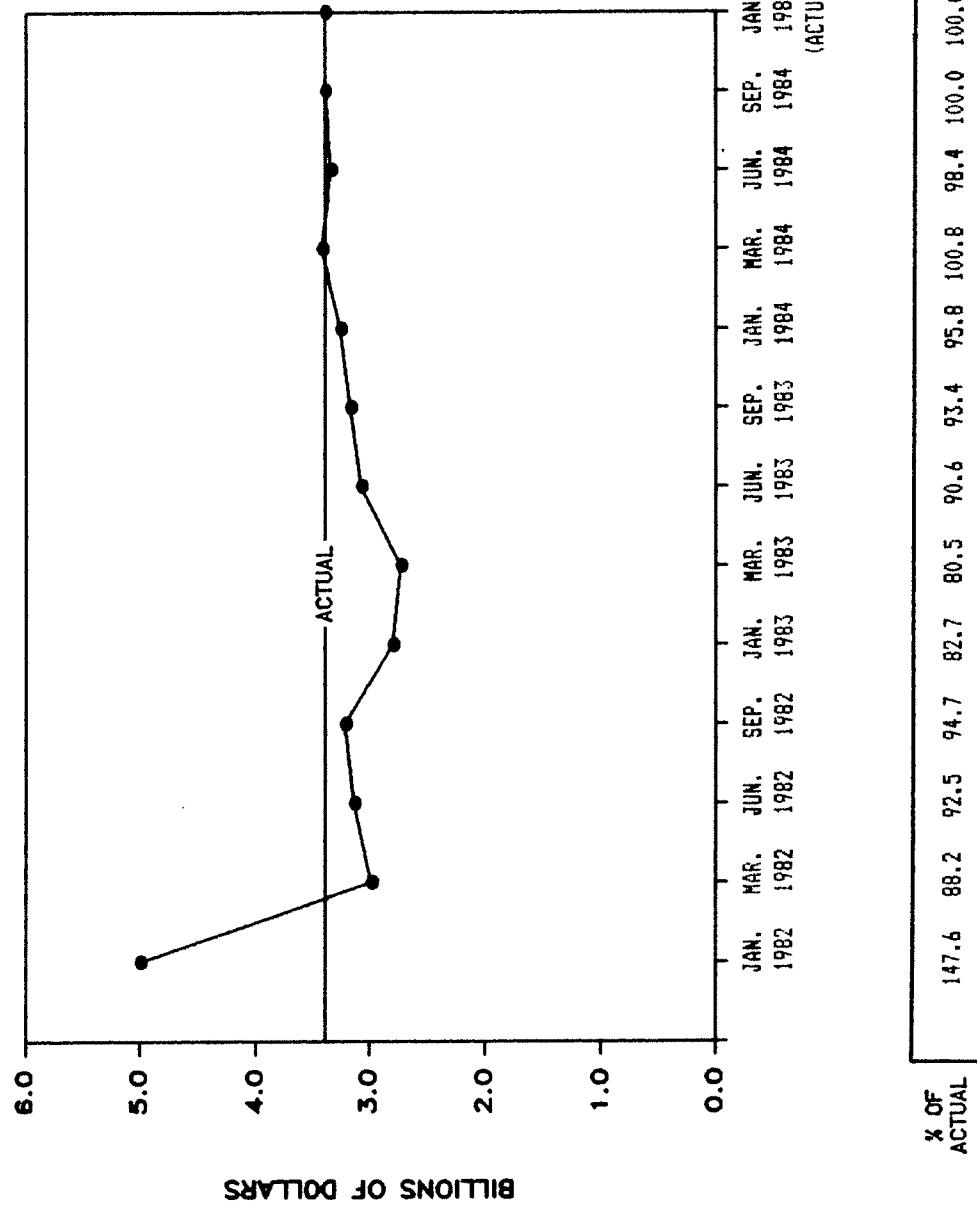
	134.5	125.2	132.9	123.2	129.5	123.5	108.1	107.1	106.7	116.5	101.4	99.9	100.0	100.0
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HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1985 -

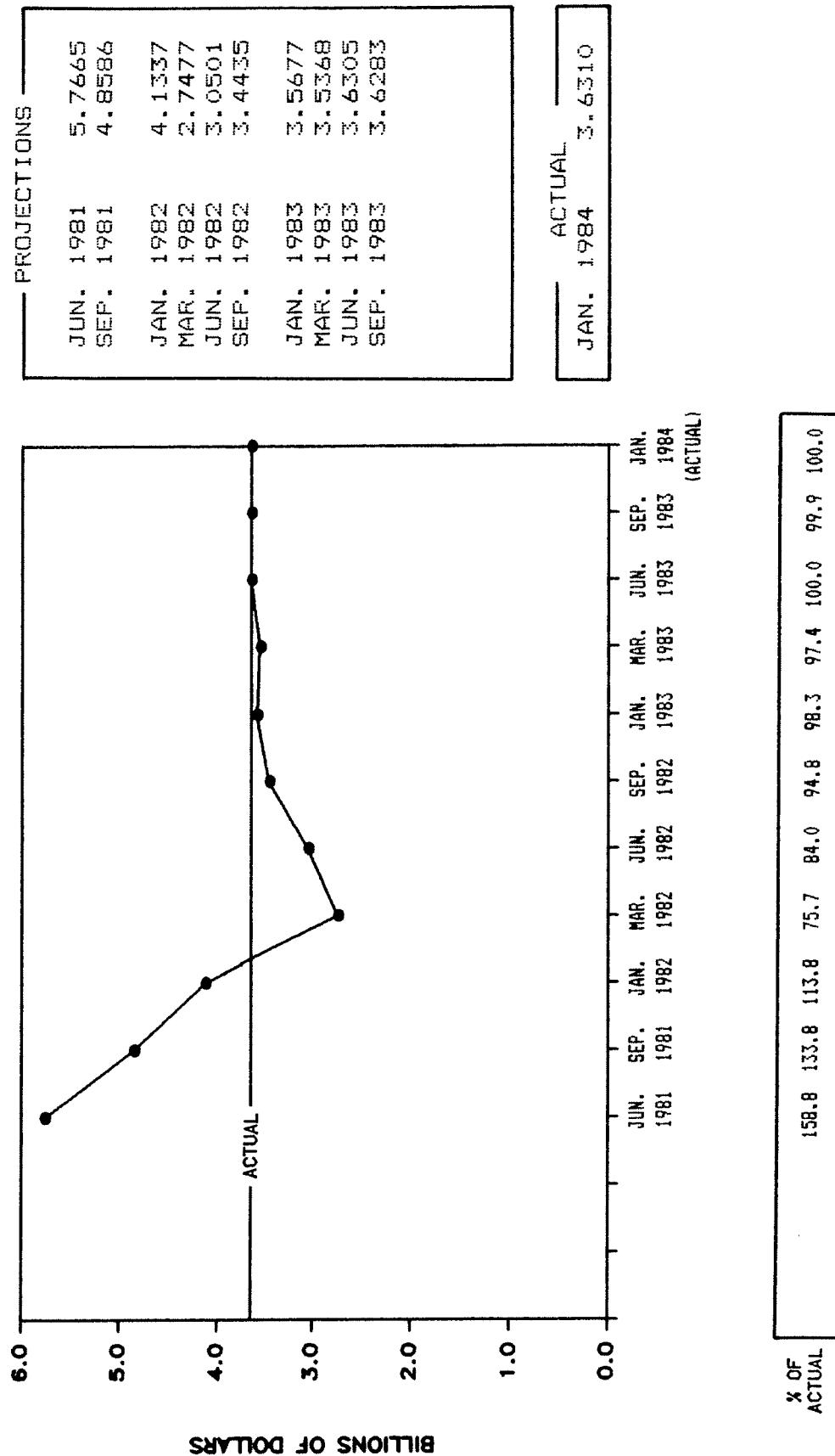


% OF
ACTUAL

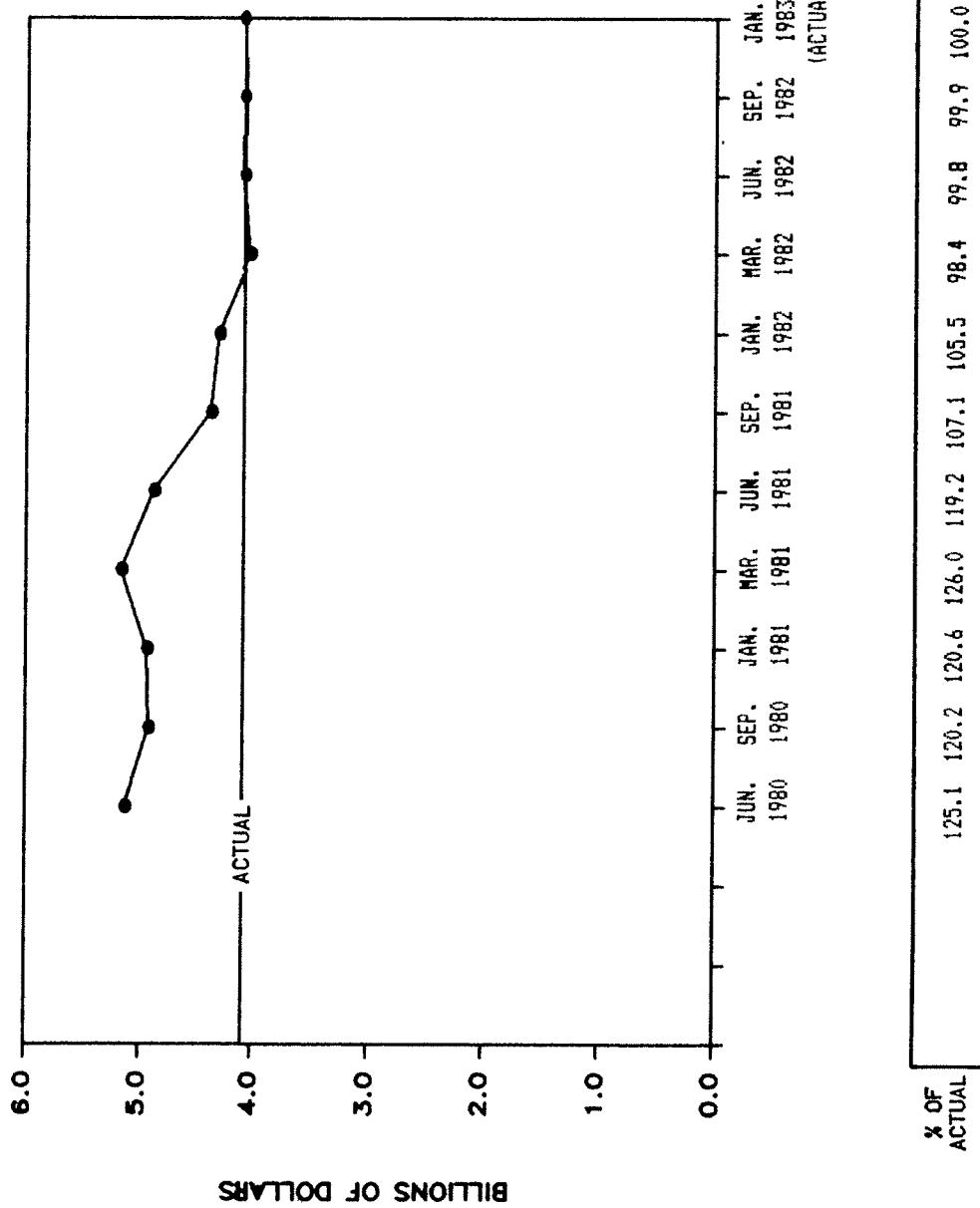
HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1984 -



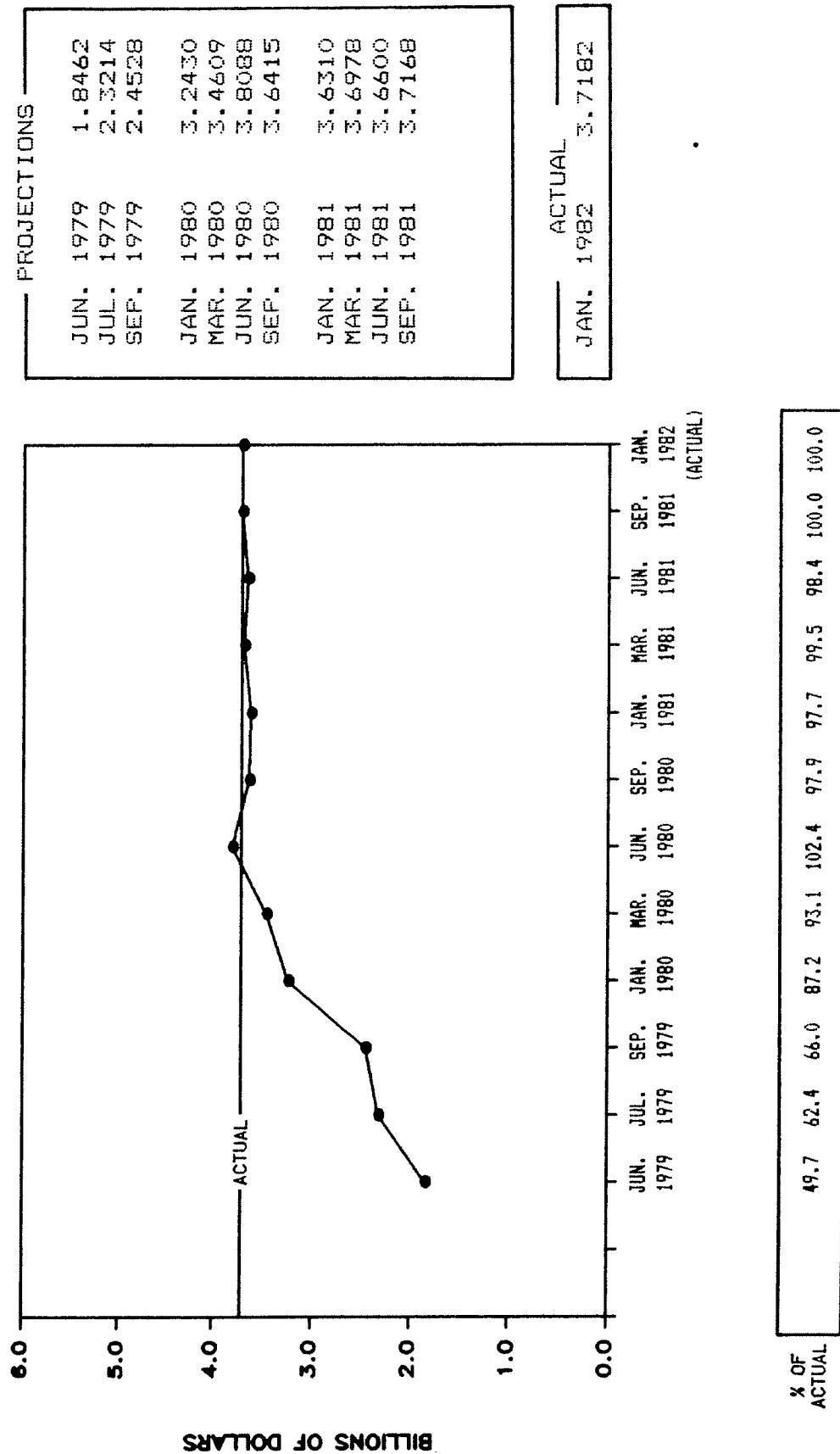
HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1983 -



**HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1982 -**



HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1981 -



HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1980 -

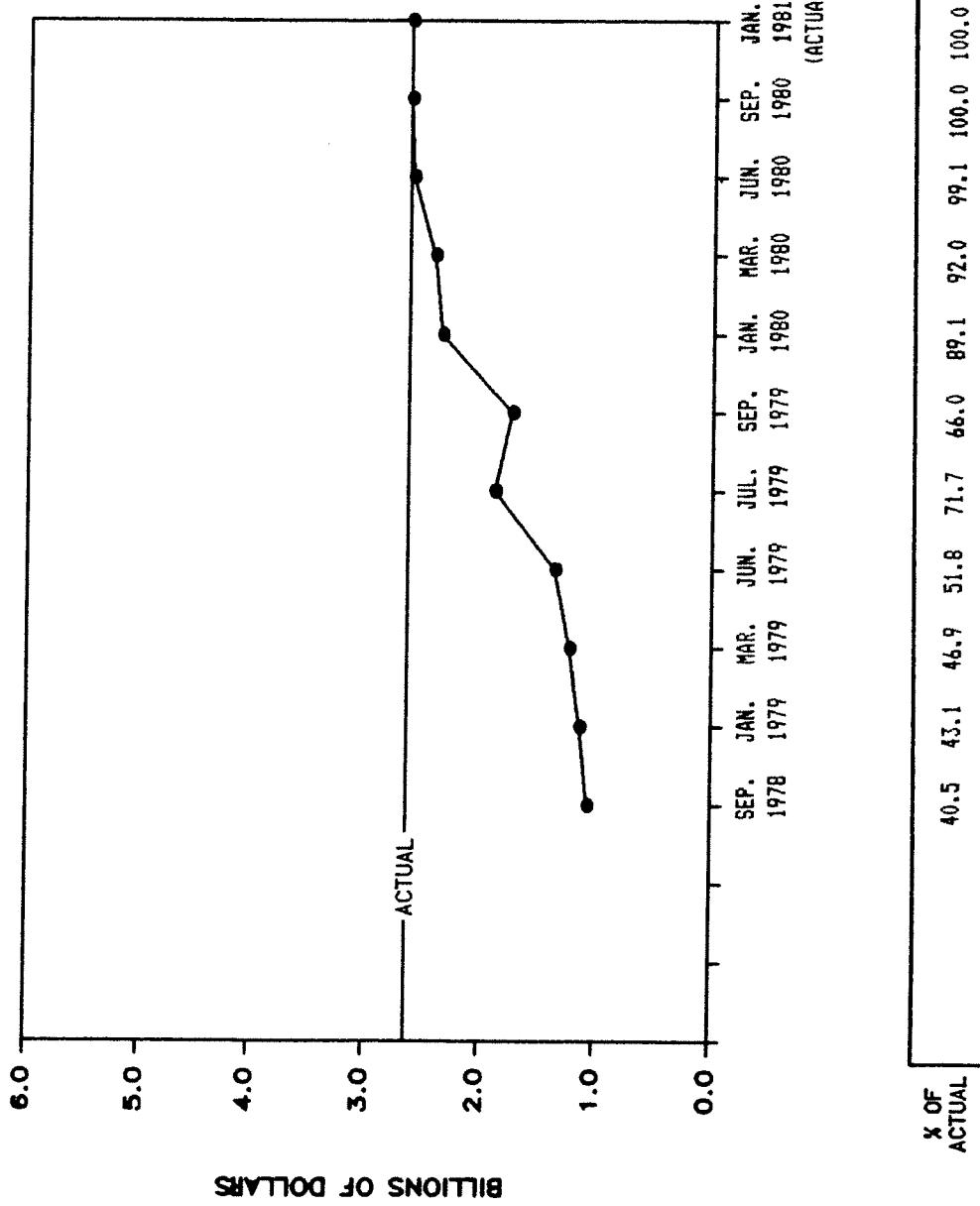


Table 1
STATE OF ALASKA - UNRESTRICTED REVENUES

(\$ millions)	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
Corporate General	6.8	8.2	17.3	31.1	35.8	33.5	24.8	17.9	34.8	34.8	30.3	39.5	36.0	11.2
Corporate - Petroleum	—	—	—	—	—	—	232.6	547.5	860.1	668.9	236.0	265.1	168.6	133.9
Fiduciary	—	—	.1	.1	.1	.1	.1	.1	—	—	—	—	—	—
Individual	43.4	49.2	86.9	146.2	210.4	145.7	117.2	100.5	—	—	—	—	—	—
TOTAL INCOME	50.2	57.4	104.3	177.4	246.3	179.3	374.7	666.0	894.9	703.7	266.3	304.6	204.6	145.1
Alaska Business License	6.7	7.5	11.2	19.1	23.2	21.7	28.2	4.2	5.4	5.5	6.9	19.9	38.8	2.1
Fish - Canned Salmon	1.7	1.4	1.6	1.8	3.8	5.5	6.7	4.3	5.9	8.6	4.3	5.5	5.6	3.5
Fish - Shore Based	.5	.9	.8	.8	1.9	2.3	3.3	7.6	11.0	8.7	11.5	7.1	8.3	10.1
Fish - Floating	.3	.5	.3	.5	.5	.5	1.9	2.7	3.8	5.5	4.7	6.4	4.8	7.5
Salmon Enhancement	—	—	—	—	—	—	—	—	—	2.4	2.6	2.2	2.6	4.3
Seafood Marketing	—	—	—	—	—	—	—	—	—	—	.9	1.1	1.0	1.1
Insurance Companies	3.7	3.8	4.4	6.1	8.1	10.0	10.8	10.4	10.6	12.5	13.8	16.2	17.5	21.1
Other	.6	.6	.7	1.0	1.3	1.6	1.9	2.1	1.2	1.4	1.6	2.0	2.1	2.2
TOTAL GROSS RECEIPTS	13.5	14.7	19.0	29.3	38.8	41.6	52.8	31.3	37.9	44.6	46.3	60.4	80.7	51.9
Gravel, Timber, Etc.	—	.3	.8	1.8	1.0	.8	1.7	1.6	2.7	—	—	—	—	—
Oil & Gas Production	12.0	14.8	26.6	27.9	23.7	107.6	173.6	506.2	1,169.9	1,581.1	1,493.0	1,392.4	1,388.7	1,107.9
Oil & Gas Conservation	—	—	—	—	—	.1	.1	.2	.3	.3	.6	.7	.7	.5
TOTAL SEVERANCE	12.0	15.1	27.4	29.8	24.8	108.5	175.5	508.1	1,172.9	1,581.7	1,493.7	1,393.1	1,389.4	1,108.4
Oil & Gas	—	—	6.6	83.4	139.1	173.0	163.4	168.9	143.0	142.7	152.6	131.0	128.4	113.5
Oil & Gas Reserves	—	—	—	223.1	270.6	—	—	—	—	—	—	—	—	—
Vehicle Registration	—	—	—	—	—	.2	.2	.1	.2	.2	.2	.2	.2	—
TOTAL PROPERTY	—	—	6.6	306.5	409.7	173.2	163.6	169.0	143.2	142.7	152.6	131.0	128.4	113.5
Alcoholic Beverages	5.2	5.7	6.6	7.8	8.0	7.6	7.4	7.4	8.3	9.0	10.4	13.0	13.9	13.3
Fuel Taxes - Aviation	1.3	1.6	2.8	3.0	2.5	3.3	3.4	4.0	4.1	6.3	8.7	8.1	8.0	8.1
Fuel Taxes - Highway	0.1	11.0	14.0	20.2	16.7	17.9	16.3	18.9	15.6	20.3	23.7	20.2	23.7	22.7
Fuel Taxes - Marine	1.1	1.2	1.1	1.2	1.3	2.1	2.6	3.2	3.5	3.7	4.3	3.9	4.3	5.3
Tobacco Products	1.2	1.3	1.5	1.7	1.8	1.7	1.7	1.6	1.7	1.9	2.0	2.0	2.0	4.9
TOTAL SALE/USE	18.9	20.8	26.0	33.9	30.3	32.6	31.4	35.1	33.2	41.2	49.1	47.2	51.9	54.3
Estate	—	.1	.1	.2	.2	.1	.2	.1	.2	.5	.3	.7	.7	.5
School	—	1.6	1.6	2.2	2.6	2.4	2.5	2.6	2.8	.5	.3	.7	.7	.7
TOTAL OTHER	1.6	1.7	2.3	2.8	2.8	2.6	2.6	2.8	.5	.3	.7	.7	.5	.7
TOTAL TAXES	96.2	109.7	185.6	579.7	752.7	537.8	800.6	1,412.3	2,282.6	2,514.2	2,008.7	1,937.0	1,855.5	1,473.9

(32)

(\$ millions)		FY 73	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
<u>LICENSES & PERMITS</u>															
Business	3.2	4.1	4.2	5.1	5.5	6.8	7.5	8.1	9.1	10.8	10.8	10.8	11.9	11.3	
Non-Business	6.6	6.8	9.4	11.3	10.6	12.3	10.7	12.2	13.0	14.9	15.9	17.0	17.0	18.0	
TOTAL	9.8	10.9	13.6	16.4	16.1	19.1	19.8	18.8	21.3	23.8	25.7	26.7	28.9	29.3	
<u>INTERGOVERNMENTAL RECEIPTS</u>															
Federal Shared Revenues	7.7	8.0	10.6	6.4	2.5	3.6	4.1	4.8	8.5	21.7	33.3	14.0	10.5	14.5	
<u>STATE RESOURCE REVENUE</u>															
<u>SALE/USE</u>															
Bonus Sales	3.8	24.8	1.0	—	—	—	—	342.4	7.6	5.0	36.2	10.1	11.5	34.7	
Investment Earnings	43.2	41.1	38.5	31.7	34.8	44.2	59.2	119.9	227.8	324.7	375.8	282.7	233.5	195.2	
Rents	3.7	4.0	4.3	4.1	3.4	2.3	2.1	3.0	5.4	3.5	4.3	6.0	5.1	6.2	
Royalties	23.5	28.7	40.0	43.3	34.3	149.6	249.2	688.2	1,118.5	1,157.3	1,078.4	1,047.5	1,034.0	856.1	
Sale of State Property	1.7	1.4	12.2	1.9	1.8	1.9	8.4	5.7	4.8	5.2	6.3	7.0	8.5	8.7	
Gravel, Timber, etc.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2.9
TOTAL	75.9	100.0	96.0	81.0	74.3	198.0	318.9	1,159.2	1,364.1	1,496.9	1,505.0	1,356.2	1,295.7	1,103.8	
<u>FACILITIES RELATED CHARGES</u>															
Airports	.7	.6	.5	.6	.7	.8	.9	.8	.1	.1	.1	.1	.1	.1	1.5
Ferry System—SE	10.1	9.6	12.0	13.9	15.4	14.0	17.1	18.7	21.0	25.2	26.4	28.5	29.6	28.5	
Ferry System—SW	.9	1.0	1.2	1.3	1.5	1.6	1.8	2.4	3.4	4.0	4.0	3.5	3.8	3.8	
Other	3.8	4.3	2.1	2.2	2.7	4.0	3.1	4.1	3.7	3.6	5.5	4.3	7.9	5.2	
TOTAL	15.5	15.5	15.8	18.0	20.3	20.4	22.9	26.0	29.2	34.4	37.3	37.8	42.9	39.0	
<u>SERVICES RELATED CHARGES</u>															
Court System	1.6	1.9	3.0	3.7	3.6	2.8	2.8	2.8	2.9	3.5	4.2	4.1	4.5	5.1	
Other	.3	.4	1.4	.7	.9	1.7	2.3	2.0	4.1	6.1	5.9	4.8	5.2	4.1	
TOTAL	1.9	2.3	4.4	4.4	4.5	4.5	5.1	4.8	7.0	9.6	10.1	8.9	9.7	9.2	
TOTAL RESOURCE	93.3	117.8	116.2	103.4	99.1	222.9	346.9	1,190.0	1,400.3	1,540.9	1,552.4	1,402.9	1,348.3	1,152.0	
<u>MISCELLANEOUS REVENUE</u>															
Unrestricted	1.2	8.5	7.4	3.9	3.9	3.9	7.2	6.7	5.5	7.8	10.9	9.5	16.8	13.0	
Non-Tax Revenue	112.0	145.2	147.8	130.1	121.6	249.5	378.0	1,220.3	1,435.6	1,594.2	1,622.3	1,453.1	1,404.5	1,208.8	
Less: Native Claims	—	—	—	—	—	—	22.4	45.6	131.4	—	—	—	—	—	
Plus: Settlements	—	—	—	—	—	—	—	—	—	—	—	—	—	392.8	
TOTAL, NET UNRESTRICTED	112.0	145.2	147.8	130.1	121.6	227.1	332.4	1,088.9	1,435.6	1,594.2	1,622.3	1,453.1	1,404.5	1,601.6	
Total Unrestricted	96.2	109.7	185.6	579.7	752.7	537.8	800.6	1,412.3	2,282.6	2,514.2	2,008.7	1,937.0	1,855.5	1,473.9	
Tax Revenue	208.2	254.9	333.4	709.8	874.3	764.9	1,133.0	2,501.2	3,718.2	4,108.4	3,631.0	3,390.1	3,260.0	3,075.5	

Table 2
STATE OF ALASKA - RESTRICTED REVENUES
AND TOTAL GENERAL FUND REVENUES

(^{\$} millions) <u>Federal Grants-In-Aid</u>	<u>FY 73</u>	<u>FY 74</u>	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>
Education	34.7	NA	39.4	35.6	26.7	27.3	27.8	30.7	33.0	25.7	33.8	44.8	76.2	42.0
Social Services	27.6	NA	36.0	45.4	48.9	51.7	57.8	60.0	68.7	60.4	80.7	91.2	100.7	125.2
Health	2.6	NA	8.3	5.0	3.0	15.6	15.4	21.4	26.5	27.1	11.9	10.0	12.5	3.2
Natural Resources	2.7	NA	2.9	3.7	5.4	7.9	10.1	6.5	8.3	12.4	15.0	14.2	18.1	17.9
Pub. Prot./Admin. of Justice	2.7	NA	5.1	7.0	5.7	7.1	8.4	7.4	7.1	5.5	5.7	6.6	7.5	7.7
Develop./Gen. Govern.	.5	NA	1.2	.7	2.7	1.4	2.3	2.8	7.9	4.9	8.6	8.1	6.6	9.3
Transportation	65.7	NA	79.5	123.3	119.1	121.6	84.6	69.5	39.9	22.5	11.0	67.7	110.9	88.5
Total	136.5	NA	172.4	220.7	211.5	238.6	206.4	198.3	191.4	158.5	166.7	242.6	332.5	293.8
<u>Other Grants-In-Aid</u>														
Education	.1	NA	.3	.4	.8	.3	.5	1.6	.8	.9	1.0	1.1	1.3	1.4
Health/Social Services	1.0	NA	1.4	1.9	1.5	2.6	1.2	.5	.2	.3	.4	.4	3.8	4.3
Natural Resources	.1	NA	1.5	1.9	2.1	1.4	1.2	.6	2.4	1.4	1.0	.9	.9	1.4
Pub. Prot./Admin. of Justice	.2	NA	.3	.4	.4	1.7	1.9	1.8	1.9	1.9	2.4	3.1	.9	2.0
Develop./Gen. Govern.	1.1	NA	.3	3.0	.9	1.3	1.6	4.1	2.6	3.3	5.3	15.6	6.5	3.6
Transportation	.4	NA	11.5	2.5	1.8	1.0	1.1	1.0	1.6	2.5	.9	1.2	3.5	.8
Total	2.9	NA	15.3	10.1	7.5	8.3	7.5	9.6	9.5	10.3	11.0	22.3	16.9	13.5
Misc. Restricted Revenue	-0-	NA	-0-	4.5	3.1	.9	3.2	5.7	8.1	7.0	15.7	9.8	16.9	16.4
Total Restricted Revenue	139.4	NA	187.7	235.3	222.1	247.8	217.1	213.6	209.0	175.8	193.4	274.7	366.3	323.7
Total Unrest. Revenue	208.2	254.9	333.4	709.8	874.3	764.9	1133.0	2501.2	3718.2	4108.4	3631.0	3390.1	3260.0	3075.5
Total Gen. Fund Revenue	347.6	NA	521.1	945.1	1096.4	1012.7	1350.1	2714.8	3927.2	4284.2	3824.4	3664.8	3626.3	3399.2
NA Not Available														

Source: Department of Revenue, Revenue Sources FY 1973 - FY 1986. Revised December 1986.

Table 3
Historical and Projected Petroleum Revenues
(Millions of Dollars)

FY	Non-Petroleum	Corporate Petroleum	Oil/Gas			Severance Tax			Property Reserve Tax			Rents & Royalties			(1) Sales			Oil/Gas Special Settlements			Total Petroleum Revenues			% of Total G.F.	
			Fed.	Min.	Rents	Bonus	Rents	Royalties	(1)	Sales	(1)	Royalties	(1)	Sales	(1)	Sales	(1)	Sales	(1)	Total G.F.	Unrestricted Revenues	Unrestricted Revenues			
59	1.4		3.1		.1	5.8	4.0	.1		3.1									3.1	25.4	12				
60	1.7					2.4	1.6	.2		4.5	20.3	1.0							4.2	40.5	10				
61	1.4										8.6	17.9	1.0							26.0	68.9	38			
62	1.8										8.7	4.7	1.2							27.8	71.6	39			
63	2.2										8.3	5.9	1.9							14.9	67.0	22			
64	1.8										7.7	10.8	2.5							16.5	83.0	20			
65	1.9										7.7	8.6	2.8							21.6	86.5	25			
66	4.1										7.7	8.6	1.9							21.5	86.6	25			
67	3.5										7.5	21.8	2.9							43.0	112.7	38			
68	3.8										7.5	21.8	2.9							34.5	112.4	31			
69	4.2										7.8	7.8	.8							938.9	1067.3	88			
70	4.9										8.2	900.0	3.1							47.0	220.4	21			
71	5.2										8.6	.2	2.9							48.4	219.2	22			
72	5.3										7.9	.3	3.0							50.3	208.2	24			
73	5.9										6.7	3.8	3.4							80.2	254.9	31			
74	7.0										7.1	24.8	3.6							90.4	333.4	27			
75	14.8										9.8	1.0	3.9							391.5	709.8	55			
76	26.2										6.6	223.1	5.1							477.6*	874.3	55			
77	30.8										28.0	83.4								441.5*	764.9	58			
78	25.1										5.0	23.8	139.1							3574.8*	4108.4	87			
79	24.8										8.4	107.7	173.0							232.6	173.8	163.4			
80	17.9										4.9	236.0	1493.7	152.6						1.0*	1.6*	249.2*			
81	34.8										547.5	506.5	168.9						1.2*	342.4*	1.8*				
82	34.8										860.1	1170.2	143.0						7.6*	3.7*	1118.5*				
83	30.1										668.9	1581.7	142.7						11.0*	10.1*	3.8*				
84	39.5										265.1	1393.1	131.0						17.1*	5.0*	2.1*				
85	36.0										168.6	1389.4	128.4						8.2*	11.5*	3.4*				
86	11.2										133.9	1108.4	113.5						14.3*	34.7*	4.2*				
87**	14.0										459.9	82.7								8.4*	2.4*	4.5*			
88**	15.0										110.0	454.5	76.8							8.4*	4.5*	390.2*			
89**	15.5										110.0	494.2	70.7							8.4*	4.5*	455.4*			

* Net of Permanent Fund contribution.

** Estimate (January 1987)

(1) These categories are primarily composed of oil/gas revenues; however, includes some additional revenues from other minerals (mostly coal).

LONG-RANGE REVENUE PROJECTIONS

The following tables are part of the output from a simulation model named the Long-Run Fiscal Model (LRFM). These estimates are updated quarterly. Most of the revenue categories of this model are projected with other econometric or simulation models and are exogenous to the LRFM. In particular, the Research Section's model PETREV projected the severance taxes and royalties. A short-term oil and gas income tax model (OGIT) projected that tax through FY90 and a longer term model (PETREVD2) projected it through FY2005. The non-petroleum revenues other than interest were largely projected using a short-term econometric model (REVMOD) through FY88, then as an aggregate extended to FY2005 in LRFM. Two conditions are worth notice when using these projections. Those numbers in the near future can be regarded with greater confidence than those further out and all these projections are revised quarterly and are subject to change.

The assumptions of the LRFM pertinent to both of these tables follow.
1. The 30 percent revenue scenario of the PETREV model is used for petroleum severance taxes and royalties (unless otherwise noted).

2. The real non-petroleum, non-interest revenues' (explained below) growth rate will be zero percent from FY89 through FY2005.

3. The fiscal year inflation rate (based on the U. S. Consumer Price Index for All Urban Consumers) will be 3.89 percent for FY87, 4.58 percent for FY88 through FY92, 5.23 for FY93 through FY97, and 5.42 percent thereafter.

4. The real Permanent Fund (PF) interest rate on a fiscal year basis is 12.28 for FY86 and will be 7.00 in FY87, 5.00 in FY88, 4.50 in FY89, and 4.00 percent thereafter.

5. The Legislature will choose to appropriate exactly one-half of the distributable earnings of the PF for Permanent Fund Dividends.

6. The Legislature will choose not to appropriate the Earnings Reserve Account of the Permanent Fund.

Table 1 summarizes the source of estimated revenues and their destination, i.e. General Fund, Permanent Fund or other Special Funds. The second through eighth column of the first table are petroleum revenues and are summarized in column nine. The tenth column is the sum of all excise taxes (eg. alcohol and fuel taxes), fees for licenses and permits, intergovernmental receipts, state non-petroleum resource revenues and other miscellaneous revenues. Investment and interest revenues are presented in the eleventh column of the table. Interest revenues are the sum of General Fund and Permanent Fund earnings. These two are broken out in the last two columns of this table (col. 24 & 25).

The sum of all revenues is the twelfth (repeated in the 14th) column of the table. This includes some revenues not subject to the budgetary process. In particular, Permanent Fund contributions (col. 18) and earnings (col. 25) must be subtracted along with special fund contributions (col. 15-17) to get the General Fund unrestricted revenues subject to the budgetary process. This number is presented in column 19. Some of the subtracted PF earnings, in particular, those used for PF dividends or deposited in the Earnings Reserve Account, can be appropriated.

Permanent Fund contributions are determined from royalties, mineral rents and bonus sales (col. 5-7, respectively). Columns 21 and 22 indicate which royalty amounts are subject to 25 or 50 percent contribution rates to the Permanent Fund. The total royal contribution is presented in column 23. This is added to the bonus sale contributions (50 percent) and mineral rent contributions (overall rate varies since rents are subject to either the 25 or 50 percent rate depending of the effective date of the lease) to get the total PF contribution (col. 18). Contribution rates are mandated in AS.37.13.010.

TABLE 1
(millions of current dollars unless otherwise noted)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
FY	SEVERANCE TAX	PROPERTY TAX	OIL/GAS INC TAX*	ROYALTIES*	MINERAL RENTS	BONUS SALES :	SPECIAL PETRO	PETROLEUM REVENUES	NON-PETR NON-INTR REVENUES	INTEREST REVENUES	TOTAL REVS INCL PERM FUND
81	1170.20	143.00	860.10	1501.60	7.90	14.10	0.00	3696.90	186.19	377.70	4260.70
82	1581.70	142.70	668.90	1553.20	26.40	10.30	0.00	3983.20	209.00	693.10	4885.30
83	1493.70	152.60	236.00	1447.40	54.20	73.10	0.00	3457.00	228.60	846.90	4532.50
84	1383.10	131.00	265.10	1409.00	21.90	16.70	0.00	3236.80	245.80	812.20	4294.80
85	1389.40	128.40	168.60	1390.30	23.70	23.60	0.00	3124.00	283.00	891.30	4298.30
86	1108.40	113.50	133.91	1165.70	43.80	70.10	392.80	3028.21	222.40	1216.08	4466.69
87	459.88	82.70	111.00	371.93	28.80	4.70	65.00	1124.21	228.20	937.66	2290.07
88	454.52	76.80	110.00	524.10	20.80	0.00	0.00	1186.22	220.60	857.59	2264.41
89	494.22	70.70	110.00	612.53	20.80	0.00	0.00	1308.25	220.70	816.12	2345.07
90	495.32	80.10	93.11	642.40	19.76	0.00	0.00	1330.69	230.81	817.39	2378.89
91	475.25	72.20	85.54	625.04	18.77	0.00	0.00	1276.80	241.38	863.66	2381.84
92	461.51	65.10	82.86	631.61	17.83	0.00	0.00	1258.91	252.43	915.69	2427.04
93	448.19	57.20	79.36	628.86	16.94	0.00	0.00	1230.55	265.64	1046.25	2542.44
94	415.68	50.60	79.73	599.23	16.09	0.00	0.00	1166.33	279.53	1115.29	2556.16
95	385.92	43.80	78.91	572.19	15.29	0.00	0.00	1094.11	294.15	1187.32	2577.58
96	353.50	38.50	73.57	544.41	14.53	0.00	0.00	1024.90	309.53	1261.95	2596.38
97	336.59	34.50	72.70	536.31	13.80	0.00	0.00	993.90	325.72	1337.60	2659.23
98	309.31	29.90	70.98	513.73	13.11	0.00	0.00	937.03	343.38	1449.66	2730.06
99	278.01	24.70	64.74	489.02	12.45	0.00	0.00	868.92	361.99	1537.67	2768.58
00	250.54	23.00	58.93	463.28	11.83	0.00	0.00	807.58	381.61	1629.44	2818.63
01	233.09	26.60	53.44	439.00	11.24	0.00	0.00	763.37	402.29	1725.12	2890.77
02	216.03	23.00	48.72	411.96	10.68	0.00	0.00	710.38	424.09	1824.68	2959.16
03	200.99	19.20	44.36	392.42	10.14	0.00	0.00	667.11	447.08	1928.50	3042.69
04	188.88	15.10	40.41	379.21	9.64	0.00	0.00	633.23	471.31	2037.19	3141.74
05	178.19	10.40	36.82	359.48	9.15	0.00	0.00	594.04	496.86	2150.87	3241.77

(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
	TOTAL REVS	PUB SCH	NPR-A	RENEW RES	PERM FUND	GEN FUND	TOTAL	-PERM FUND CONTRIB-	-ROYALTIES SUBJ TO-	ROYALTY	-INTEREST EARNINGS-	
FY	PERM FUND	FUND	FUND	FUNDS	CONTRI	UNRESTRD	SUSTAIN	@25 PCT	@50 PCT	PF CONTRIB	GEN FUND** PERM FUND	
81*	4260.70	7.50	0.00	74.30	385.13	3718.17	563.80	1501.60	.00	358.30	227.80	
82*	4885.30	8.00	0.00	0.00	400.52	4108.38	902.10	1553.20	.00	388.30	324.70	
83*	4532.50	9.40	0.00	0.00	421.00	3631.00	844.30	1447.40	.00	361.80	375.80	
84	4294.80	9.00	0.00	0.00	366.28	3390.02	907.00	1409.00	.00	354.60	282.70	
85	4298.30	7.10	5.40	0.00	368.00	3280.00	939.70	1350.30	.00	349.50	233.50	
86	4466.69	6.63	16.70	0.00	323.49	3075.49	1222.02	1117.81	47.89	303.40	195.20	
87	2290.07	2.06	9.00	0.00	102.20	1399.15	968.97	371.90	0.03	92.99	160.00	
88	2264.41	2.72	1.00	0.00	138.00	1325.10	739.69	523.19	0.91	131.25	60.00	
89	2345.07	3.16	1.00	0.00	160.78	1374.01	648.36	608.94	3.59	154.03	10.00	
90	2378.89	3.31	1.00	0.00	168.20	1377.96	634.24	638.34	4.06	161.61	8.97	
91	2381.84	3.23	1.00	0.00	163.52	1359.03	664.63	620.93	4.11	157.29	8.60	
92	2427.04	3.26	1.00	0.00	166.40	1388.94	699.92	620.41	11.20	160.70	8.46	
93	2542.44	3.24	1.00	0.00	167.22	1333.75	778.79	611.20	17.66	161.63	9.02	
94	2556.16	3.10	0.50	0.00	158.95	1286.82	790.74	584.32	14.91	153.53	8.50	
95	2577.58	2.96	0.00	0.00	154.16	1241.15	837.73	548.76	23.43	148.91	8.01	
96	2596.38	2.82	0.00	0.00	147.71	1191.38	886.35	517.92	26.49	142.72	7.48	
97	2659.23	2.78	0.00	0.00	145.45	1178.44	936.75	508.94	27.37	140.92	7.24	
98	2730.06	2.67	0.00	0.00	141.49	1143.23	1023.68	479.45	34.28	137.00	6.98	
99	2768.58	2.55	0.00	0.00	137.00	1097.81	1100.30	447.06	41.96	132.74	6.45	
00	2818.63	2.42	0.00	0.00	130.23	1062.53	1168.42	421.78	41.50	126.20	5.98	
01	2890.77	2.30	0.00	0.00	124.06	1044.95	1240.15	397.06	41.94	120.23	5.65	
02	2959.16	2.16	0.00	0.00	117.96	1019.60	1315.49	366.56	45.40	114.34	5.25	
03	3042.69	2.06	0.00	0.00	113.27	1003.77	1391.71	345.48	46.94	109.84	4.92	
04	3141.74	2.00	0.00	0.00	110.34	996.87	1471.68	330.10	49.11	107.08	4.66	
05	3241.77	1.90	0.00	0.00	104.84	988.52	1555.54	311.94	47.54	101.75	4.36	

* GF interest revenues include the amounts transferred from the PF earnings in these years.
 Interest earnings totals therefore double count the transfer which is detailed in col. 18 of Table 3.

Table 2 Presents similar information to Table 1; however, the results are in millions of 1981 dollars. This type of presentation allows for comparisons between years of real dollars, rather than inflation impacted figures.

TABLE 2
(millions of real 1981\$ unless otherwise noted)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
FY	ANCHORAGE CPI	INFLATION RATE	PETRO REVENUES	NON-PETRO NON-INTER EARNINGS	TOT REV\$ INCL PF	PERM FUND CONTRIB	GEN FUND UNRESTD	TOT REVS SUSTAIN	ANCH CPI	REAL 1982 \$	GEN FUND UNRESTD
81	1.000	0.1178	3696.90	186.10	377.70	4260.70	385.13	3718.17	563.80	0.947	3926.39
82	1.056	0.0846	3771.97	197.92	656.34	4626.23	379.28	3890.51	854.26	1.000	4108.38
83	1.101	0.0430	3139.87	207.63	769.21	4116.71	382.38	3297.91	766.85	1.043	3482.59
84	1.142	0.0369	2834.33	215.24	711.21	3760.77	320.74	2968.49	794.22	1.081	3134.73
85	1.187	0.0389	2631.84	238.42	750.88	3621.15	310.03	2746.42	791.66	1.124	2900.22
86	1.219	0.0270	2484.08	182.44	997.57	3664.08	265.37	2522.86	1002.44	1.154	2664.14
87	1.267	0.0389	887.64	180.18	740.34	1808.16	80.69	1104.72	765.06	1.199	1166.59
88	1.325	0.0458	895.58	166.55	647.47	1709.60	104.19	1000.44	558.46	1.254	1056.46
89	1.385	0.0458	944.46	158.33	589.18	1692.96	116.07	991.93	468.06	1.312	1047.48
90	1.449	0.0458	918.59	159.33	564.25	1642.17	116.11	965.02	437.82	1.372	1019.06
91	1.515	0.0458	842.79	159.33	570.08	1572.20	107.94	897.07	438.71	1.435	947.30
92	1.584	0.0458	794.59	159.33	577.96	1531.87	105.16	851.41	441.77	1.500	899.09
93	1.667	0.0523	738.09	159.33	627.54	1524.96	100.30	799.98	467.12	1.579	844.78
94	1.754	0.0523	661.95	159.33	635.71	1456.98	90.60	733.48	450.72	1.661	774.55
95	1.846	0.0523	593.72	159.33	643.12	1396.17	83.50	672.28	453.77	1.748	709.93
96	1.943	0.0523	527.56	159.33	649.57	1336.46	76.03	613.25	456.24	1.840	647.59
97	2.044	0.0523	486.17	159.33	655.28	1300.78	71.24	576.44	458.22	1.936	608.72
98	2.155	0.0542	434.79	159.33	672.65	1266.77	65.65	530.47	474.99	2.041	560.17
99	2.272	0.0542	382.46	159.33	676.81	1218.60	60.30	483.20	484.30	2.151	510.26
00	2.395	0.0542	337.18	159.33	680.33	1176.84	54.37	443.43	487.84	2.268	468.47
01	2.525	0.0542	302.34	159.33	683.24	1144.91	49.13	413.86	491.17	2.391	437.04
02	2.662	0.0542	266.89	159.33	685.52	1111.74	44.32	383.06	494.22	2.521	404.51
03	2.806	0.0542	237.74	159.33	687.27	1084.35	40.37	357.72	495.97	2.657	377.75
04	2.958	0.0542	214.07	159.33	688.68	1062.08	37.30	337.00	497.51	2.801	355.87
05	3.118	0.0542	190.49	159.33	689.73	1039.55	33.62	316.99	498.82	2.953	334.75

(13)	(14) PERM FUND PRINCIPAL BALANCE	-INTEREST EARNINGS-			(16)
		FY	GEN FUND	PERM FUND	
81	1768.60	227.8	149.90		
82	2811.67	307.5	348.86		
83	3652.43	341.3	427.88		
84	4236.87	247.5	463.66		
85	4836.65	196.7	554.17		
86	5152.42	160.1	837.44		
87	6193.69	126.3	614.01		
88	6292.19	45.3	602.17		
89	6403.58	7.2	581.96		
90	6525.00	6.2	559.06		
91	6637.88	5.7	564.40		
92	6747.85	5.3	572.62		
93	6832.53	5.4	622.13		
94	6927.86	4.8	630.86		
95	7015.73	4.3	638.79		
96	7095.74	3.8	645.73		
97	7170.71	3.5	651.73		
98	7221.68	3.2	669.42		
99	7265.37	2.8	673.97		
00	7298.03	2.5	677.83		
01	7323.35	2.2	681.01		
02	7341.78	2.0	683.55		
03	7355.31	1.8	685.52		
04	7364.95	1.6	687.11		
05	7370.15	1.4	688.33		

- Table 3 summarizes activity in the Permanent Fund (PF) including the principal and Earnings Reserve Account (ERA)*. It also presents activity in the Dividend Account of the General Fund. Four things should be noted:
1. These numbers are updated quarterly as new revenue estimates become available.
 2. The simulation of the fund flows required for the modelling process have required simplification of the accounting calculations and may render slightly different results from PF Corporation financial reports.
 3. The assumptions noted above are important to the results in this table.
 4. Final digits may differ from manual calculations due to rounding in the model.

Columns 2, 3 and 5 indicate sources of funds to the PF, i.e. contributions from current revenue, special appropriations from the GF or other funds, and inflation proofing from PF earnings. PF contributions are derived from estimates of royalties, mineral rents and bonus sales (col. 5-7, Table 1) multiplied by the statutorially mandated contribution rate (AS 37.13.010). Special PF appropriations are determined by the Legislature and Governor. PF inflation Proofing is derived by multiplying the PF intermediate principal balance (col. 4) by the calendar year inflation rate (U. S. Consumer Price Index for all Urban Consumers). When these three fund additions are added to the prior year's final principal balance (col. 6) the result equals the current year's final principal balance. For example, for FY87 the final principal balance is \$7844.41m = \$6281.05 + \$102.20m + \$1264.27m + \$196.89m. The inflation proofing (col. 5) part of this total is the estimated 1986 calendar year inflation rate, 2.57 percent, multiplied by the intermediate principal balance of \$7647.52m resulting in \$196.89m. The real value of the final PF principal balance (i.e. in 1981 dollars) is \$6193.69m.

Total income earnings, (col. 7) is the sum of earnings on the balances of the PF principal and ERA (col. 6 & 21, respectively). This is estimated by multiplying the estimated PF interest rate by the estimated average PF balance. This balance is the average of the prior year's final principal balance (col. 6) and current year's intermediate principal balance (col. 4) plus the prior year's ERA balance (col. 21). For FY87 this average balance is (\$6281.05m + \$7647.52m) / 2 plus \$0.00m**, or \$6964.29m. When multiplied by the estimated PF interest rate for FY87 of 11.17 percent, total income earnings of \$777.66m are the result.

Distributable earnings (col. 8) are the basis for figuring the amount available for PF dividends (PFD). Distributable earnings (through FY86***) are a five year moving average of current and the four previous years' total earnings. Half this amount is intended for payment in the following fiscal year of Dividend Program costs (col. 10), although more or less can be appropriated by the Legislature.*** Distributable earnings for FY87 are the sum of \$471.10m + \$529.50m + \$657.80m + \$1020.88m + \$777.66m multiplied by 0.21, or \$725.96m. Estimated earnings transfer and dividend program costs are half of this or \$362.98m (col. 10) which will be distributed for the PFD's claimed for the year indicated in col. 11.

PF total income earnings (col. 7) less the earnings transfer (col. 10) and less ERA earnings (col. 17) leaves those PF earnings available for inflation proofing (col. 9 also col. 15). In FY87 this amount is \$777.66m - \$362.98m - \$0.00m** = \$414.68m.

The amount required to fully inflation proof the PF is indicated in column 22. The derivation of this amount is described in the first paragraph on this table. The amount available from current earnings is presented in column 15. If the difference is positive, indicating an abundance of funds for inflation proofing, the balance is deposited as principal to the ERA as indicated by positive entries in column 16. For FY87, \$196.89m is required to inflation proof the PF and there are more than sufficient current earnings (\$414.68m) so the balance (\$217.79m) is deposited in the ERA. A negative difference is made up by a withdrawal from the deposits of the ERA as presented in the ERA deposit or withdrawal column (col. 16, negative entries). If there are insufficient current earnings to inflation proof and the deposits to the ERA are depleted (col. 19 is zero), the actual inflation proofing deposit differs from what is required for full inflation proofing. The extent of the shortfall is indicated in column 23. This condition occurs partially in Fy1988 (a shortfall of \$19.03m = \$769.36m - \$788.39m).

* Name changed effective July 1, 1986 by Ch. 28 SLA 1986.

** Ch 25 SLA 1986 appropriated the 1987 Undistributed Income Account (now Earnings Reserve Account) to the Principal of the Permanent Fund.

*** Ch. 28 SLA 1986 changed the method of calculation for distributable earnings to 21 percent of the average of the current and the four previous years' net income.

The balance in the ERA is invested and also earns interest as presented in column 17. Any appropriations from the ERA by the Legislature are presented in column 18. The previous year's ERA balance plus ERA deposit or withdrawal plus ERA earnings less ERA budget results in the current year's ERA balance (col. 21). The FY87 ERA balance of \$217.79m is the sum of \$1264.27m + \$217.79m + \$0.00m* - \$1264.27m*. This balance can be presented as an accumulation of deposits (income or principal) and earnings, which are listed separately in columns 19 and 20.

TABLE 3
(millions of current dollars unless otherwise noted)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
FY	CONTRI	-PERMANENT FUND- APPROV*	PRINCIPAL BALANCE	INTERESTED INFLATION PROOFING	FINAL PRINCIPAL BALANCE	TOTAL INCOME	DISTR. BL EARNINGS	AVAIL FOR INFL PROOF	INCOME PROGRAM COSTS	PFID CLAIM	PERM FUND PRINCIPAL REAL 81\$
81	385.13	900.00	1768.34	0.00	1768.60	149.90	91.15	122.40	0.00	80	1768.60
82	400.52	800.00	2969.12	0.00	2969.12	368.40	183.60	297.90	0.00	81	2811.67
83	421.00	400.00	3790.12	231.20	4021.32	471.10	255.50	332.15	481.55	82	3652.43
84	366.28	300.00	4687.60	150.90	4838.50	529.50	310.30	335.83	190.90	83	4236.87
85	368.00	300.00	5506.50	234.60	5711.10	657.80	435.34	376.42	163.10	84	4836.65
86	323.49	0.00	6064.59	216.46	6281.05	1020.88	609.54	599.63	217.67	85	5152.42
87	102.20	1264.27	7677.52	196.99	7844.41	777.46	725.96	414.68	304.37	86	6193.69
88	138.00	0.00	7982.40	338.50	8320.90	797.59	794.52	378.97	362.98	87	6282.19
89	160.78	0.00	8481.68	388.46	8870.14	806.12	832.61	353.85	397.26	88	6403.58
90	168.20	0.00	9038.34	413.96	9452.29	808.42	884.24	342.56	426.30	89	6525.00
91	163.52	0.00	9615.81	440.40	10056.22	855.06	849.42	410.78	442.12	90	6637.88
92	166.60	0.00	10222.82	468.21	10691.03	907.23	876.63	450.23	424.71	91	6747.85
93	167.22	0.00	10858.25	533.10	11391.34	1037.24	926.95	553.56	438.31	92	6832.53
94	158.95	0.00	11550.29	604.08	12154.37	1106.79	990.10	587.71	463.48	93	6927.86
95	154.16	0.00	12308.53	643.74	12952.26	1179.31	1067.98	620.56	495.05	94	7015.73
96	147.71	0.00	13099.97	685.13	13785.10	1254.47	1151.86	653.63	533.99	95	7095.74
97	145.65	0.00	13930.74	728.58	14659.32	1332.36	1241.14	687.51	575.93	96	7170.71
98	141.49	0.00	14800.81	769.36	15570.17	1442.68	1326.28	756.37	620.57	97	7224.68
99	137.00	0.00	15707.16	799.36	16506.52	1531.23	1415.41	799.36	663.14	98	7265.37
00	130.23	0.00	16636.75	842.63	17479.38	1623.46	1508.68	842.63	707.71	99	7298.03
01	124.06	0.00	17603.44	887.26	18490.70	1719.47	1606.33	887.26	754.34	00	7323.35
02	117.96	0.00	18608.67	933.29	19541.95	1819.43	1708.62	933.29	803.17	01	7341.78
03	113.27	0.00	19655.23	983.87	20639.10	1923.58	1809.61	983.87	854.31	02	7355.31
04	110.34	0.00	20749.44	1036.82	21786.26	2032.54	1914.88	1036.82	904.80	03	7364.95
05	104.84	0.00	21891.10	1092.19	22983.29	2146.51	2024.72	1092.19	957.44	04	7370.15

Sec 25 SLA 1986 appropriated the 1987 monies from the Undistributed Income Account (now Earnings Reserve Account) to the principal of the Permanent Fund.

(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
	AVAIL INFLATION PROFITING			DEPOSIT /	UNDISTRIBUTED INCOME ACCOUNT	CUMULATIVE	EARNINGS	TOTAL	REQUIRED	SHORTFALL	CUMUL SHORT
FY	TOTAL AMOUNT	CURRENT EARNINGS	-WITHDRAWL	EARNINGS	BUDGET*	INCOME	EARNINGS	INFLATION PROOFING	INFLATION PROOFING	INFLATION PROOFING	INFLATION PROOFING
81	0.00	122.40	122.40	0.00	-27.50	106.08	0.00	106.08	0	0.00	0.00
82	0.00	297.90	297.90	0.00	-72.70	332.58	0.00	332.58	0	0.00	0.00
83	231.20	332.15	100.95	31.10	-109.50	322.71	31.10	353.81	231.20	0.00	0.00
84	150.90	335.83	184.93	38.50	-19.90	487.75	69.60	557.35	150.90	0.00	0.00
85	234.60	376.42	141.82	64.02	0.00	627.59	133.62	763.21	234.60	0.00	0.00
86	216.46	599.63	384.17	116.88	0.00	1013.76	250.50	1264.27	216.46	0.00	0.00
87	196.89	414.68	217.79	0.00	-1264.27	217.79	0.00	217.79	196.89	0.00	0.00
88	338.50	378.97	40.46	21.36	0.00	258.25	21.36	279.61	338.50	0.00	0.00
89	388.46	353.85	-34.61	25.97	0.00	223.64	47.33	270.97	388.46	0.00	0.00
90	413.96	342.56	-71.40	23.75	0.00	152.24	71.07	223.31	413.96	0.00	0.00
91	440.40	410.78	-29.62	19.57	0.00	122.62	90.64	213.26	440.40	0.00	0.00
92	468.21	450.23	-17.97	18.69	0.00	104.64	109.33	213.97	468.21	0.00	0.00
93	533.10	553.56	20.47	20.20	0.00	125.11	129.53	254.64	533.10	0.00	0.00
94	604.08	587.71	-16.37	24.04	0.00	108.73	153.56	262.30	604.08	0.00	0.00
95	643.74	620.56	-23.18	24.76	0.00	85.56	178.32	263.88	643.74	0.00	0.00
96	685.13	653.63	-31.50	24.91	0.00	54.06	203.23	257.29	685.13	0.00	0.00
97	728.58	687.51	-41.07	24.29	0.00	12.99	227.52	240.51	728.58	0.00	0.00
98	769.36	756.37	-12.99	23.18	0.00	0.00	250.70	250.70	788.39	-19.03	-19.03
99	799.36	799.36	0.00	24.16	0.00	0.00	274.85	274.85	851.33	-51.97	-70.99
00	842.63	842.63	0.00	26.49	0.00	0.00	301.34	301.34	901.71	-59.08	-130.07
01	887.26	887.26	0.00	29.04	0.00	0.00	330.38	330.38	954.11	-66.84	-196.91
02	933.29	933.29	0.00	31.84	0.00	0.00	362.22	362.22	1008.59	-75.30	-272.22
03	983.87	983.87	0.00	34.91	0.00	0.00	397.13	397.13	1055.31	-81.44	-353.66
04	1036.82	1036.82	0.00	38.27	0.00	0.00	435.40	435.40	1124.62	-87.80	-411.45
05	1092.19	1092.19	0.00	41.96	0.00	0.00	477.36	477.36	1186.50	-94.31	-555.76

*Ch 25 SLA 1986 appropriated the 1987 monies from the Undistributed Income Account (now Earnings Reserve Account) to the principal of the Permanent Fund.

The final group of columns on Table 3 is the Dividend Account activity. The transfer from current PF earnings is presented in column 26, while GF appropriations to this account are presented in column 27. These are usually distributed the fiscal year following (as presented in col. 10 and 31) with part being used to administer the PFD program* (col. 30) and the rest distributed as PFD's (col. 29). The payment amount is distributed to the applicants (col. 32) so that each applicant receives the amount listed in column 33. The real value of the PFD (i.e. net of inflation) is presented in column 34. For FY87 the earnings transfer of \$362.98m will cost \$8.05m in administration* to distribute a \$354.93m payment amount (in FY88). This is divided between an estimated 527,160 applicants so each one gets \$673.30 which is worth about \$508.33 in 1981 dollars.

(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
FY	EARNINGS TRANSFER	GEN FUND APPROP	CLAIM YEAR	PAYOUT	PFD PROGRAM ADMIN	TOTAL	APPlicants (THOUSANDS)	TOTAL PFD ---DIVIDEND PAYMENT---	(NOMINAL\$ REAL\$)
81	27.47	0.00	80	0.00	0.00	0.00	410.47	0.00	0.00
82	70.50	0.00	81	0.00	0.00	0.00	430.06	0.00	0.00
83	107.88	440.60	82	478.13	3.42	481.55	478.77	1000.00	907.93
84	155.13	0.00	83	187.52	3.08	190.40	486.82	386.15	338.12
85	217.67	0.00	84	160.10	3.02	163.12	483.12	331.29	279.20
86	304.37	0.00	85	210.61	7.54	218.15	520.88	404.00	331.68
87	362.98	0.00	86	296.62	7.74	304.37	547.15	542.13	428.05
88	397.26	0.00	87	354.93	8.05	362.98	527.16	673.30	508.33
89	426.30	0.00	88	388.85	8.41	397.26	525.81	739.52	533.98
90	442.12	0.00	89	417.51	8.80	426.30	528.05	790.65	545.80
91	424.71	0.00	90	432.92	9.20	442.12	530.26	816.42	538.90
92	438.31	0.00	91	415.09	9.62	424.71	532.45	779.58	492.05
93	463.48	0.00	92	428.25	10.06	438.31	533.60	801.06	480.48
94	495.05	0.00	93	452.89	10.59	463.48	536.77	843.73	480.92
95	533.99	0.00	94	483.90	11.14	495.05	538.94	897.88	486.35
96	575.93	0.00	95	522.26	11.73	533.99	541.13	965.14	496.80
97	620.57	0.00	96	563.59	12.34	575.93	543.32	1037.30	507.40
98	663.14	0.00	97	607.58	12.99	620.57	545.53	1113.75	516.79
99	707.71	0.00	98	649.45	13.69	663.14	547.75	1185.68	521.88
00	754.34	0.00	99	693.27	14.43	707.71	549.97	1260.56	526.31
01	803.17	0.00	00	739.13	15.21	754.34	552.21	1338.48	530.11
02	854.31	0.00	01	787.13	16.04	803.17	554.46	1419.62	533.34
03	904.80	0.00	02	837.40	16.91	854.31	556.73	1504.15	536.05
04	957.44	0.00	03	886.98	17.82	904.80	559.00	1586.73	536.40
05	1012.36	0.00	04	938.65	18.79	957.44	561.28	1672.33	536.27

